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Lauren Bacall:
it's never
too late



THE TABLOID

EDUCATION+
24 PAGES WITH APPOINTMENTS
Can economic success
be bought in the classroom?



COMMENT

**In defence
of fox
hunting**



Taxpayers buy the Queen a new yacht

Christian Wolmar
Westminster Correspondent

The Government yesterday committed £60m of state money to a replacement for the Royal Yacht *Britannia* in what appeared to be a bid to wrong-foot Labour and win the support of those voters who support the monarchy.

Michael Portillo, the Secretary of State for Defence, told MPs that he rejected all suggestions of private-finance sponsors, arguing that "it is the duty of the state to support the monarchy" and said that the vessel "would be a symbol of the Crown, the Kingdom and its maritime traditions". The annual running cost, estimated to be around £4m per year, would come from the defence budget.

Labour, caught unawares by the surprise announcement initially failed to

vote. Mr Portillo also made a play for support from jingoistic Eurosceptics by promising that the ship would be built in a British yard, knowing that this was a commitment which breaches European competition rules as they specify that all major contracts must be open to bidders throughout the European Union. Mr Portillo justified this by vaguely saying it was a matter of security and "it was a royal ship" and promised that if the European Commission launched a legal challenge, he would oppose it.

While the announcement met with jubilant support on the government benches, Labour was divided, with several MPs, including Kate Hoey and Andrew Faulds, expressing full support while Dennis Skinner and Alan Williams opposed it. Mr Williams said he could not understand the sense of priorities which diverts £60m away from [social] services and said it was "a symbol of extravagance and irrelevance".

The Liberal Democrats gave unqualified backing to the scheme while the leader of the SNP, Alex Salmond, described it as foolish.

Mr Portillo admitted that the ship would be more of a mobile hotel than a form of transport, since the Royal Family "travel by air". It would have to be "prestigious" to impress foreign visitors. He justified the cost "not in terms of pounds, shillings and pence, but on how we feel about ourselves".

Unlike *Britannia*, which had a national role as a military hospital ship, the new ship would have no ostensible military purpose. The Government rejected the plan to make it double as a training ship. There had been opposition in the Ministry of Defence to continue paying for a ship which had no military purpose but this has been overridden by Mr Portillo for purposes of political expediency.

There would be room for a helicopter pad, but Mr Portillo rejected suggestions that there should be space for bicycles in line with the "cycling Royals" approach favoured by Continental monarchs.

The new yacht would enter service in 2002. *Britannia* itself is due to be scrapped after it finishes its final tour of duty in Hong Kong later this year. While Mr Portillo said he would consider suitable offers for "a suitably prestigious use for *Britannia* in the public interest here in the UK", he would prefer to see it scrapped rather than allow it to deteriorate.

Nick Grainger, director of the Shipbuilding and Shippers' Association said there would be nine possible British yards where the ship could be built. The leading contenders are thought to be Harland and Wolff in Belfast, VSEL in Barrow and Yarrow Shipyards on the Clyde.

Labour said the decision was made for electioneering reasons. A senior source said last night: "It is amazing that this £60m has had to come out of contingencies. If this had been a serious debate about the need for a replacement, they would have consulted with the Opposition. Instead, they've tried to catch us out on public spending." However, the shadow Chancellor Gordon Brown's golden rule would stand: "no commitment for any new spending, royal or not royal".

As well as bidding for the royalist



Bon voyage: The royal yacht *Britannia* leaving Portsmouth for the last time

Photograph: Tom Pilston

The Tories who fear their own one-party state



by Anthony Bevins
Political Editor

John Major was asked at a London breakfast meeting with business leaders yesterday how he reacted to the widespread view that it was time for a change of government, for the good of democracy.

The Prime Minister gave a polished politician's reply, brushing the question aside. But privately, other Tory MPs are worried about just that. Away from the microphones, they are warning that the re-election of the Conservatives for a fifth term could damage democracy – and even lead to civil unrest by disaffected voters.

Other Tory MPs warn that if Labour is defeated again, the arrogance of the Conservative leadership would be aggravated, and Tony Blair and Gordon Brown would be "ripped to shreds" in an orgy of Labour self-recrimination.

Speaking to *The Independent* on conditions of strict anonymity, one senior government backbencher said: "We have got to work hard at renewing our election mandate, but will it be good for British democracy? I doubt it. If the Conservatives

non-passive, violent, non-violent, whatever it may be."

One MP said parliamentary democracy became parliamentary dictatorship when 51 dictated to 49. That became "insufferable" if the minority never got a chance of taking over the levers of power.

Another Tory backbencher said: "Quite apart from Labour's frustration after a fifth defeat, we have to ask about the disenchanted voters – and how they would feel about never getting a shot in the football game."

He also wondered what impact another win would have on Government arrogance; shown by blanket attacks on the minimum wage, the unbalanced incompetence of the way in which the BSE beef crisis had been handled, and the current attempt to introduce draconian bugging and burglary powers through the Police Bill.

"I think that each time the Tories have won, particularly in 1992, their victory – and this is not their fault – their victory led to the lack of respect for members of the system, the lack of interest in using Parliament as an institution.

"There has been a growth of extra-parliamentary activity of one form or another: passive,

he said. One MP said it was one of the basic assumptions of the unwritten British constitution that "from time to time the government will change".

But he also warned that if Labour lost, its situation would be dire because the party had bitten its tongue, shut its mouth, and watched "appalled" as Mr Blair had carried out the modernisation of New Labour.

The MPs' anxieties reflect a



QUICKLY

Striking it rich
Bahamas-based Joe Lewis has bought a £10m, 25 per cent stake in Glasgow Rangers football club – Britain's biggest single investment in football. Chairman David Murray will contain a controlling interest in the club.

Page 26

Free to speed
Motorists in many parts of the country are speeding illegally because the police cannot afford to prosecute drivers caught by roadside cameras.

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**Saddam's son
was shot to
avenge dead
Iraqi general**

EXCLUSIVE

by Patrick Cockburn

The attempted assassination of Uday, the son of President Saddam Hussein, was carried out as part of a feud by the family of a senior Iraqi general killed by the Iraqi leader for criticising the regime.

The *Independent* has learned from an Iraqi source that the leader of the plot was Ra'ad al-Hazza, a former army officer in his thirties, who is the nephew of General Umar al-Hazza.

The general, a member of the same clan as Saddam Hussein, was executed in 1990.

The assassination bid took place in Baghdad on 12 December last year when Uday, the notoriously brutal son of the Iraqi leader, was driving through the city. Opposition groups say he was hit by four bullets, one of which is still lodged in his spine. Last week the French government officially turned down an Iraqi request that Uday be permitted to enter a hospital in France. The request implies that Uday's wounds are serious.

The attack was previously claimed by al-Dawa, a militant Shi'a group, with a history of trying to assassinate Iraqi leaders. They are believed to have been involved in the logistics and organisation of the plot, but the driving force was Ra'ad al-Hazza and some of his relations, who were able to acquire details of Uday's movements because they moved in the same elite circles.

The feud which led to the attack on Uday had its origin in the killing of General Haza seven years ago. Like Saddam Hussein he came from the northern city of Tikrit and was a divisional commander in the regular army. During the Iran-Iraq war in the 1980s General Haza retired, but was increasingly critical of the Iraqi

leader. Arrested in 1990 he was executed, reputedly after his tongue was cut out. His house in Baghdad was demolished.

Uday is not known to have played any part in the death of the general. But he is the most visible member of the regime in Baghdad, famed for his womanising and drunkenness. The would-be assassins are said to have received information from "Lubna", a girlfriend of Uday.

After the assassination bid



Uday Hussein: Seriously Injured in feed gun-attack

those who had taken part fled to Iran. The Iranian government had no prior knowledge of the plot and continues to deny that the men are in Iran in the face of an official Iraqi demand, through the UN, that they be handed over. Worried that they might be secretly returned, some of the group made contact with friends abroad to put pressure on the Iranian government not to give them up to Iraq.

In order to distance Iran from the assassination, al-Dawa, based in Tehran, claimed the attack from Damascus. If Uday is paralysed, his brother Qusai, head of the security services, becomes the heir apparent. Mutilation led to attack, page 9

Blinking Hell

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news

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significant shorts

Murderer left 'autograph' on body of Naomi Smith

Naomi Smith, the schoolgirl found murdered in a children's park, had a crucial "DNA autograph" on her mutilated body, a jury heard yesterday. Tests showed that saliva found in a bite on 15-year-old Naomi's body fitted the DNA profile of Edwin Hopkins, 20, Birmingham Crown Court was told. Mr Hopkins had an "incredibly rare" DNA profile found only in one in every 250 million people, said Colman Treacy QC, for the prosecution.

His teeth were also a perfect match for the bitemark - and his sister, Julie, gave police vital evidence about his whereabouts on the night of Naomi's death, said Mr Treacy as he outlined the prosecution case to a jury of six men and six women. Hopkins, of Ansley Common, near Nuneaton, Warwickshire, denies murder.

Naomi vanished after popping out to post a letter in her home village of Ansley Common in September 1995. Her throat had been cut and she had been sexually assaulted.

"It was probably better than if the killer had left his autograph."

"Because what was found in the area around the breast provides some of the most valuable evidence for the prosecution in this case." The trial continues.

The demon eyes have it

The Conservative Party's poster campaign featuring the "demon eyes" has beaten Wonderbra to win the latest "most talked about advert" accolade, a survey revealed yesterday.

The pre-election campaign, devised by the M&C Saatchi agency, gained more national press coverage than any other promotion in the last three years. The advertisements, which included pictures of the Labour leader Tony Blair with superimposed red eyes, have topped the poll. Wonderbra was second and Labour's "Same Old Tory Lies" campaign came sixth.

Martin Loat, managing director of Propeller Marketing Communications, which conducted the survey, said: "I like it or loathe it, the Demon Eyes icon was a stunning advertising image that captured the public's imagination."

Derek Bentley's sister dies

Iris Bentley, who campaigned tirelessly to clear the name of her brother Derek hanged for the murder of a policeman in 1953, has died.

Aged in her 80s, she had suffered from cancer for some time and recently had an operation for the illness, her solicitors said.

From her home in Wimbledon, south-west London, she spearheaded the 44-year effort to secure a full pardon for her brother who was the

accomplice, not the gunman, in the shooting. The case was dramatised in the film *Let Him Have It*, named after the alleged cry made by Bentley, then aged 19, moments before the murder.

The case will be one of the first to be presented to the Criminal Cases Review Commission for referral to the Court of Appeal when it commences its work in April.

Foster's tower vision fades

Sir Norman Foster's vision of a 1,265ft Millennium Tower on the site of the bomb-damaged Baltic Exchange in the City of London all but evaporated yesterday when English Heritage joined opponents of the glass skyscraper. The tower, which would be Europe's tallest building, was such a "quantum leap" in scale, height and bulk, that it would overwhelm the character of the capital, said Sir Jocelyn Stevens, chairman of English Heritage.

"It would disfigure the skyline. London doesn't need a macho building to establish a place for itself as a world financial centre." The £400m project could only now proceed if the Secretary of State for Environment, John Gummer, overruled his own adviser, English Heritage.

Stephen Goodwin

Grobelaar friendship turned to hate

A former friend and business partner of the goalkeeper Bruce Grobelaar admitted he wanted revenge on the footballer after a business deal turned sour, a court heard yesterday.

Chris Vincent agreed with Mr Grobelaar's counsel, Mr Rodney Klevan QC, that he wanted to ensure the "downfall" of his one-time friend whom he felt had let him down over the collapse of his safari company Mondoro.

Mr Klevan asked: "Is a flash your friendship turned to hatred?" Mr Vincent said: "Yes sir." The barrister continued: "It would be anybody who crosses Chris Vincent - would that be a good epitaph for you?" "Reasonably," said Mr Vincent.

Mr Vincent was being cross-examined at the trial at Winchester Crown Court in which the former Liverpool player Mr Grobelaar and two former professional footballers, John Fashanu and Hans Segers, are accused of a conspiracy to fix football matches.

He denied a suggestion he had twisted Grobelaar's account of forecasting matches for a Far East syndicate to make it seem like match-fixing, and rejected claims he had lied in his "James Bond" description of the goalkeeper taking money in a toilet from a fourth defendant on the same charge, a Malaysian businessman, Heng Suan Lim. The trial continues.

Michael Streeter

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Sir Peter de la Billière: clearly angered by MoD position on his book. Photograph: David Giles

Warrior ready for a battle royal with the generals

One of Britain's most decorated warriors, General Sir Peter de la Billière, was set for a battle royal with the Ministry of Defence last night after an order was issued banning authors of books on the special forces from their former bases.

More than two dozen authors, including the general and Andy McNab, the man behind the Gulf War best-seller *Bravo Two-Zero*, were told they were no longer welcome at social functions, in case they used them as a means of gathering information for new books.

The general, commander of British forces in the Gulf and the most decorated soldier since the Second World War, reacted curiously to the news, with a statement saying he had not received notification of the ban - and he didn't expect it.

"I am aware that the Ministry of Defence will be sending letters to some former members of the UK Special Forces regarding the withdrawal of authority to give them access to UK Special Forces establishments," he said.

"I do not know who they are. Both of my books - *Storm Command* and *Looking For Trouble* - were

cleared by the MoD and the SAS before publication. I have not received and do not expect to receive such a letter."

The MoD confirmed last night that it had "cleared" his books, but a spokesman said clearance was not the same as approval. "We do not tell them for security reasons, but we also tell the authors that we would prefer that they did not write about the special forces at all."

"In the past three years, there have been some 35 books about the special services, including 10 best-sellers. There has not been anything like it since the Second World War. We have to ensure the safety of the men still serving, and we have to ensure secrecy. The people who have written about their experiences may well use social functions to gather more information for hungry publishers; we don't want to give them that opportunity."

Sir Peter was director of the SAS from 1978 to 1983. He resigned last year as president of the SAS Regimental Association and is not known for regular attendance at functions.

Steve Boggs and Christopher Bellamy

Marco's Michelin crown falls to young chef

A 26-year-old chef has become the youngest in Britain to win two Michelin stars, beating Marco Pierre White, who won the same accolade aged 27 - and winning his boss' £1,000 in the process.

Tom Aikens is the new chef at London's Pied à Terre, one of nine restaurants awarded two stars by the Michelin 1997 Red Hotel and Restaurant Guide, published yesterday.

The restaurant's manager, David Moore, was so confident that it would retain its two stars that he made a £1,000 bet with his boss. "He just faxed me from India saying he can't wait to pay up," said Mr Moore yesterday.

Although the restaurant already held two stars, there had been fears that when previous chef Richard Neal left last year, the stars might go with him.

Restaurants to receive the coveted three stars were all in London:

La Tante Claire in Chelsea, Marco Pierre White's The Restaurant at the Hyde Park Hotel, and Chez Nico at Ninety Park Lane.



Tom Aikens: Star quality

In what was described by the guide, which contains information on more than 6,000 establishments, as a "strong" performance by British and Irish restaurants, 67

restaurants received one star.

Mr Aikens is likely to be busy.

The last time the restaurant was awarded two stars, business almost doubled within three months.

Jojo Moyes

Tommy goes back on the shelf

The supermarket shelf-stacker who was plucked from obscurity to lead the cast of the West End musical *Tommy*, will not be returning to Tesco despite the decision of the show's promoters to end its run.

Audiences have failed to share the delight of the cast, composer Pete Townshend and critics who lavished rave reviews on Townshend's transformation of his 27-year-old rock opera into a family musical.

The show opened last March at the Shaftesbury Theatre, renewing interest in the music of The Who. It also brought stardom for unknown 20-year-old Paul Keating, who auditioned for the show between shifts at Tesco. A spokesman for the show said last night: "Paul is shocked and disappointed like all the cast. But he will not be returning to Tesco. After his performance in *Tommy* he can look forward to a great future as an actor."

Mr Keating is likely to be busy. The last time the restaurant was awarded two stars, business almost doubled within three months.

Jojo Moyes

It looked set for a lengthy run, ironically, it has received eight Olivier award nominations, the highest number for any show in the West End.

David Lister

briefing**ARCHAEOLOGY****Low-tech origins of human society discovered**

Humans began using stone tools almost 2.6 million years ago, according to examination of archaeological finds, which may be the oldest known artefacts, in a river valley in Ethiopia. The tools were used for chopping and pounding, and are almost 300,000 years older than the previously "oldest known" tools. The new finds mainly consist of flakes of rock with chipped edges, which would have been used for cutting or chopping, and a few "pounded" pieces" which would have been shaped by battering, like anvils.

In today's edition of the science journal *Nature*, the archaeologists, led by Sileshi Semaw from Rutgers University in New Jersey, write: "We predict that even older artefacts will be found."

But the researchers were able to say little about the hominids who would have made the tools. The earliest human fossil traces, discovered by Lake Turkana in Kenya in 1995, date back more than 4.4 million years.

Charles Arthur

**EDUCATION****Youngsters lacking direction**

Fewer than half of British children can locate London on a map with no place names, according to research carried out by NOP for Microsoft. The survey of nearly 900 children aged eight to 16 also found that only just over a quarter could pinpoint Edinburgh, and 37 per cent could not find Scotland.

Government curriculum advisers said they found the extent of the children's ignorance "disturbing". Geography has been a compulsory part of the national curriculum for children aged eight to 14 since 1991 - voluntary from 14 to 16 - and identifying principal cities, regions and rivers on a map of the United Kingdom is something all 11-year-olds should have covered.

The survey suggests that they are even more at sea outside their own country. Only two in five could identify Germany on a map of Europe with no place names. Three out of five did not know the language spoken in Tokyo and nearly seven out of 10 were stumped when asked Mexico's main language.

SCIENCE**The limits of intelligence**

The human brain has virtually reached its evolutionary limits, say scientists. An analysis of the delicate balance between the billions of neurons in our skulls, and the need to supply the axons (which connect them like cables) with blood and fatty insulation shows we can only improve our data processing ability by 20 per cent at most.

The BT research, published in *New Scientist*, found that to expand our thinking ability, the 100 billion neurons in the brain would have to be larger, so they could pass signals more quickly. But that would in turn demand a greater blood supply - which, given the constricted size of the brain cavity, could only be achieved by limiting the growth of the neurons.

A larger skull might allow both more neurons and a bigger blood supply, but transmission of data would be slower. Charles Arthur

CRIME**Zero tolerance pays dividend**

An American-style "zero tolerance" anti crime initiative in Scotland was yesterday hailed a success by police chiefs who said it had helped cut offences in the force region to their lowest level in 15 years.

For the past three months Strathclyde Police has been clamping down on minor crimes in the belief that this will reduce the number of more serious offences and reduce public fear. During the first stage of the "Spotlight" initiative more than 200,000 extra police hours were spent on the streets.

During the Strathclyde offensive, 12 offences were spotlighted. Since the start of the start of the scheme crimes of violence, indecency, dishonesty, car theft, and vandalism were down but crime covering drugs, obstructing police in their duties and overall nuisance rose.

Jason Bennetto

AGRICULTURE**Gastronomic great leap forward**

Scientists have taken a giant leap for gastronomy by growing the highly prized golden chanterelle wild mushroom in a greenhouse. Until now, the fungus has defied all attempts at cultivation and can only be harvested from pine forests.

Large quantities are imported from the United States because it is declining in Europe. The team, led by Eric Daniell from the Swedish University of Agricultural Sciences, Uppsala, reported in the science journal *Nature* that they had transferred pine seedlings carrying the fungus into pots in March. Five fruit-bodies emerged during the following spring and autumn.

The scientists believe their technique could be applied to other endangered species, such as *Tricholoma matsutake*, which is the most valuable mushroom in the world, costing about £60



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politics

Tories get personal in war to stop Blair win

Anthony Bevins
Political Editor

Conservative election campaign managers have urged party officials to dig out "personal items" on Labour front-benchers in order to generate fear of a victory by Tony Blair.

A Tory strategy paper leaked to Labour says: "There is a real risk that the 'fear factor' which played such a large part in the

last election has been neutralised." The paper ordered material to be generated for use in the media about the difference between national Labour's rhetoric and its inefficiency and dogma in local government.

"In all instances," the paper says, "there should be a complete file on the frontbenchers, showing their record in local government where applicable, their affiliation with unions, the policies of the union which supports them ... and any personal items like Harman and Blair's choice of schools."

Together with normal briefings to the media, specific TV programmes need to be designed with suggested participants. The media also needs to be encouraged to interview local Labour chairmen of

The first fruits of the Tory strategy have already appeared this week in the *Daily Telegraph* and *The Sun* in pieces headlined: "Ten left-wing councils run up debts of £9m" and "Labour's town haul of waste".

Labour yesterday accused the Tories of hypocrisy, saying that in spite of privatisation proceeds, the national debt had doubled to £7,000 for every man, woman and child.

Labour's environment spokesman, Frank Dobson, picked up a report to be published by the official Audit Commission today, which says: "Councils are caught between a rock and a hard place: between government targets to reduce local authority spending and pressures for more and better services."

"Unwelcome though such financial pressure may be, local

government has coped well."

Mr Dobson said: "The Audit Commission have exposed the Tory lie machine for what it really is - the same old lies from the same old Tory liars."

The Audit Commission says most councils are doing a good job under increasing difficulties - caused in the main by Tory Government policies.

The leaked Conservative paper says: "If Labour are total-

ly incompetent at running local budgets and most of their MPs and prospective parliamentary candidates are drawn from local government or union bodies, how can they run a national economy?"

In addition to Labour's success in defining the "fear factor", the Conservative strategists concede Westminster council's "homes for votes" scandal has created a problem. "Homes for

votes has been a brilliantly en-

acted slur campaign executed by the whole of the Labour Party."

The paper says:

"It has made it very difficult for the Government to attack Labour in the critical area of local government." It suggests research is needed, "particularly into the activities of the objectives." The "three best stories should be carefully planned and timed for maximum effect".

Group 4 admits no experience of nurseries

Judith Judd and Fran Abrams

Group 4, which was paid £14 million to award contracts for inspections of nursery schools, admitted last night that it had no experience of nursery education.

The company told the Commons Select Committee on Education that a former steel stockholder, an ex-brigadier and the principal of a sixth-form college carried out the interviews for the contractors to inspect nurseries under the nursery vouchers scheme.

Angry opposition MPs pointed out that the inspectors, who have vetted more than 350 private nursery schools for the voucher scheme, have failed just two. Under the schools inspection scheme, which deals with the more thoroughly-regulated state schools, four times as many are deemed to be failures.

Last night, Margaret Hodge, head of Labour's under-fives inquiry team, described the situation as "scandalous."

"Somebody, somewhere

must be putting pressure on. Quality appears to be being sacrificed on the altar of the election," she said.

In the committee, Rob Sontar from Group 4 said: "The group were selected not as educationalists but to select contractors under the criteria laid down by Ofsted."

Don Foster, the Liberal Democrats' education spokesman, told them: "It is slightly odd that you are proudly professing no knowledge of the business these contractors are in."

But a spokeswoman for Ofsted said the fact that only 0.6 per cent of the schools and play groups had failed was good news. "I am sure the parents will be delighted that their schools are providing an acceptable standard for their youngsters. There is not much more I can say," she said.

Labour's education spokesman David Blunkett said yesterday that he would cancel the voucher scheme. Vouchers sent out in April would be honoured but no more would be issued in September.



Nolan puts party funding on agenda

Christian Wolmar
Westminster Correspondent

Lord Nolan is encouraging the setting up of an inquiry into the funding of political parties, after the election.

Tony Blair, the Labour leader, has been pressing Lord Nolan, who is chairman of the Committee on Standards in Public Life, to hold such an inquiry because of the mystery which surrounds the sources of Tory funding, particularly contributions from abroad. Now, in response to a letter from Brian Wilson, Labour's campaign manager, Lord Nolan has said that he would like to see such an inquiry set up once the election is over.

He told Mr Wilson: "My own view is that party funding as a general issue is a subject that needs looking at."

The remit of the Nolan committee, set up in the wake of the cash-for-questions affair, does not generally extend to party funding and John Major has refused to sanction an inquiry. But it now appears that Labour may do so if it wins the election.

Degrees of value

Major backs Clarke in Euro showdown

Colin Brown
Chief Political Correspondent

Kenneth Clarke, the Chancellor, today will face a show-down with the Euro-sceptics in the Cabinet over the European single currency, with the backing of John Major, Michael Heseltine and Malcolm Rifkind.

With their support, the Cabinet is expected to reaffirm its "wait and see" approach, and will rule out any change of policy before the general election.

By holding the Cabinet debate today, Mr Major will be seeking to settle the issue decisively, to avoid it overshadowing the political Cabinet at Chequers on Monday next week, when the outline of the Conservative election manifesto will be agreed.

Michael Howard, the Home Secretary, led the Cabinet Euro-sceptics in pressing the Chancellor to accept a more Euro-sceptic approach to the single currency. Others backing Mr Howard at a previous Cabinet meeting included Peter Lilley, Michael Portillo and Gillian Shephard.

William Waldegrave, the Chief Secretary to the Treasury, also took the view that Britain could not enter the first wave of a single currency. That influenced Stephen Dorrell, the Secretary of State for Health, who recently swung demands for Britain fundamentally to renegotiate its position in the European Union.

They were hoping to push the Chancellor into changing the policy by announcing that it was unlikely that Britain would enter the single currency in the first wave.

Mr Clarke's allies privately

say he believes it is unlikely that Britain will enter the first wave.

But he has rejected any shift of policy, arguing that it would be

the start of a "slippery slope"

leaving the Government with no

option in the election but to rule

on joining a single currency. He

has left an implicit threat that

he would resign if a change of

policy was agreed.

The Cabinet Euro-sceptics

had insisted that the other

member countries were finding the criteria for entering the single currency. They pointed to the French, who are issuing public sector pension funds to meet the Maastricht debt criteria for joining the currency.

The Chancellor will present the Cabinet with a Treasury paper telling colleagues that no judgement can be reached on whether or not the other countries are "fudging" the criteria until after the election. That would leave the Government with no alternative but to support the existing policy.

"We are sympathetic but the French example is a one-off. It is not enough evidence on which to decide that the criteria are being fudged," said one ministerial source.

The Euro-sceptics, having made a stand in the Cabinet, are expected to accept the lead taken by the Prime Minister to back Mr Clarke. They resolved to ride out the general election campaign on the "wait and see" approach, although they have warned it could prove untenable.

Fifth Tory win could alter entire political system

Anthony Bevins
Political Editor

Another Conservative election win - a fifth consecutive victory - might damage democracy, but it could also bring about a new parliamentary system in which the opposition came from within Tory ranks.

"It won't be a hegemony for a five-year term," one Tory MP warned yesterday. "Another Conservative government would only be able to govern with cross-party support on issues like Europe and the single currency - with the backing of a Labour Party that believes in greater integration."

"The normal coalitions, within the parties, are falling apart. We could have as many as 100 Conservative MPs in the next Parliament who have pledged themselves against a single currency in their election addresses."

There now seems to be a consensus across the House on spending and taxation. There are no great issues left now between the leaderships of the two main parties, but Europe will provide the focus for resistance.

"Will democracy be damaged by the re-election of the Conservatives? That depends on the composition of the new House of Commons - whether there are enough Conservative MPs with the will to stand

up to the presidential system." But he was concerned about the feeling of disenfranchisement of voters who would begin to feel that their votes were making no difference.

There are also fears that civil unrest could result from the pent-up frustration of voters who were always on the losing side. "Increased enthusiasm for extra-parliamentary activity could be desperately dangerous," one senior Tory told *The Independent*.

"There would be even more enthusiasm for simply circumventing the parliamentary process and taking these issues into one's own hands in a way that starts to run up against the rule of law; it starts to run up against the principles of free speech and the democratic decision-making process."

One Tory backbencher said that if Labour lost again, the party would lurch to the left, while a Tory defeat would send the Conservatives spinning to the right. "Isn't it always the case that in the wake of electoral

defeat, parties tend to drift toward their least attractive extreme? Because that is where the intellectual soul of the party tends to be buried."

"The Labour Party is a party of socialism, it's a party of egalitarianism. The Tories are a party of free enterprise, of capitalism, of private greed, whatever you want to call it. But it's quite clear that the Tories, when they lose, will start moving to the right. It's always the same. If only we had been true to our principles," they say.

"So it seems to me that if Labour lose, then the damage to the Labour Party is absolutely horrendous."

Another source said: "It's been said before that the Tories may, if they're sensible, benefit from losing the election. It will actually persuade some of our colleagues that it's not enough to be right, you've got to explain to people how you're right. Perhaps we've got out of touch with people, perhaps we stopped communicating with them. As such, we've forfeited that link with them which used to be our strongest weapon."

"Mrs Thatcher's link with the average Briton, the average British family, was very strong, very powerful; her instincts tended to be right. Those instincts have been less sure over recent years."

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Forget Ruskin and William Morris: this woman wants to take the flat cap out of the working men's college



Shake-up: Evelyn Murray, warden of the Working Men's College in Camden, north London, which she says must change. Photograph: John Voos

Lucy Ward
Education Correspondent

One of England's oldest adult education colleges, founded 150 years ago to provide a liberal education for working-class men, is being rocked by an internal dispute over claims that its governors are betraying its socialist roots and succumbing to the pressures of the marketplace.

The Working Men's College, in Camden, north London, which boasts John Ruskin, Dante Gabriel Rossetti and Charles Kingsley among its former staff, is the focus of a clash between a philanthropic educational tradition in which teachers once worked for free, and the harsh reality of modern further-education funding.

The battle to dictate the identity of the college in the next millennium has pitted a group of staff, claiming an ally in the ghost of the institution's Christian Socialist founder Frederick Maurice, against the principal, Lord McIntosh of Haringey, and the college's warden, Evelyn Murray, insisting that a change is essential if the tradition of providing education for people with little access to other forms of study is to be continued.

Malvern Hostick, art teacher, college council member and a critic of the reforms, fears they will destroy a key aim of the founder who saw students taking control of their studies. "ED Maurice and his contemporaries felt teachers and students should learn from each other, and that students should eventually set their own curriculum," he said.

"I think they would be rather dismayed that, thanks to market forces, we are going back to an autocratic system."

The principal and warden give short shrift to the rebels' claims to speak for the founder. The college, which today has more than 2,000 students, two-

thirds of them women, has long left behind its tradition of unpaid teaching, and has only two such staff left. Ms Murray says. "In its heyday, the lecturers were civil servants, lawyers or clergymen who worked in the morning and then came to college for a meal and a bit of teaching in the evening. Nowadays, ambitious barristers are on the next plane to New York."

A report last year by inspectors from the Further Education Funding Council, which finances 15 per cent of the college's courses, praised some teaching but found "significant weaknesses" in governance, management and quality assurance. Following the report, the corporation set up working groups to devise an action plan, which included the new governance.

Lord McIntosh says the present system does not work. "Very few students or staff stand for election and the corporation and council don't actually do the things that are necessary - they don't make difficult decisions on the budget or establish the educational programme." The college had interpreted the founders' intentions in the language of the Nineties, and now offered academic qualifications and leisure courses, he said.

The college's class of '97, while doubtless as hungry for knowledge as its forbears, as yet knows little of the dispute raging beneath the institution's William Morris-designed ceilings. "I don't know about the politics," music student Richard Leskin said. "I just come for the course. But I would be worried if the fees went up."

DAILY POEM

Long-Term Misunderstanding

By Ifigenija Simonovic
(translated by the author and Anthony Rudolf)

when young he asks: who are you
smooth little snake
nesting sweetly in my bed
and I think: I am a she-wolf
looking through her teeth to see
how to sneak under your skin
but I say I am
little red riding hood
riding your head

when old he asks: who are you
what do you want now
what is all this now
what else do you need
to fill up and I think:
a drop of poison please
but I say nothing and he thinks
I meant it. I am riding his head
but he says: washing my sweet
little red riding snake
and I think he means it and I go
out of my head

Born in Slovenia, Ifigenija Simonovic now works as a potter in London (where she has a stall in Covent Garden market) but still writes in her native language. This poem comes from her collection *Striking Root*, available for £7.99 from The Menard Press at 8 The Oaks, Woodside Avenue, London N12 8AR.

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Military loses
sex battle

China nets its
students

man wants
s college

THE INDEPENDENT • THURSDAY 23 JANUARY 1997

9

international

Mutilation that led to attack on Saddam's son

Patrick Cockburn

thirds of them women, he left behind his traditions, he paid teaching, and he says, two such staff left. McLean was civil servants, teachers or clergymen who worked morning and then came to college for a meal and some teaching in the evening. A days, ambitious students the next plane to New York.

A report last year by a member from the Further Education Funding Council, which 15 per cent of the courses, praised some teachers found "significant successes" in government engagement and quality improvement set up working groups to devise an action plan included the new government and the founder's it would leave no more than three seats on for teachers and Lord McIntosh's warden. Even though they had a tradition of greater freedom for people to other forms of continued, stuck art teacher, a student and a reformer, fears they key aim of the saw students taking their studies. "FD his contemporaries and students should act each other, and that could eventually set precedent," he said.

The college's chairman, while admitting there is little knowledge of its future, knows little of the dispute between the instigator William Morris-de-Jesu. "I don't know about politics," said student Leskin said. "I just come here. But I would be surprised if the fees went up."

Uday, 32, remains in hospital in Baghdad paralysed by at least four bullet wound. One is lodged in his spine, according to opposition groups. The seriousness of his injuries was confirmed by the French government's admission last week that he had been seen by a team of French doctors in Baghdad. Paris has refused permission for Uday to come to France for medical treatment.

Credit for the ambush has been claimed by a number of opposition groups, notably by al-Dawa, an extreme Shia Muslim militant movement which in the past has made guerrilla attacks on the regime.

A

An Iraqi familiar with the events surrounding the attack says: "Al-Dawa were involved in the logistics and knew what was happening. There have always been Shias willing to die to assassinate leading members of the regime. But they never had access to the intelligence you would need to be successful. The Hazza family, as part of the elite, could provide this."

The origins of the feud which led to the assassination attempt lie in the bloodthirsty politics of President Saddam's extended family. They come from the Sunni Muslim heartland of Tikrit, a city on the Tigris, north of Baghdad. Iraq's ruling circle is known as "the Tikritis".

From the 1970s General Hazza was a divisional commander in the army and spent much of his time in the retired army officer's club in the Yarmuk district of Baghdad where he had his house. He is said by other officers to have

become critical of the regime. He left the army and spent much of his time in the retired army officer's club in the Yarmuk district of Baghdad where he had his house. He is said by other officers to have

led to the assassination attempt by the bloodthirsty politics of President Saddam's extended family. They come from the

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debt Saddam's branch of the clan, which comes from the village of al-Ouja, just outside Tikrit, and was not part of the clan's traditional leadership.

An Iraqi army officer now in exile says General Hazza often got drunk and criticised Presi-

dent Saddam. He says: "In 1990 the general was arrested. He was taken to al-Ouja and his tongue was cut out. Then he was executed. His son Farouq was killed at the same time and the general's house in Baghdad was bulldozed."

The mutilation of political prisoners before execution is common in Iraq as a way of intimidating relatives to whom the body is returned.

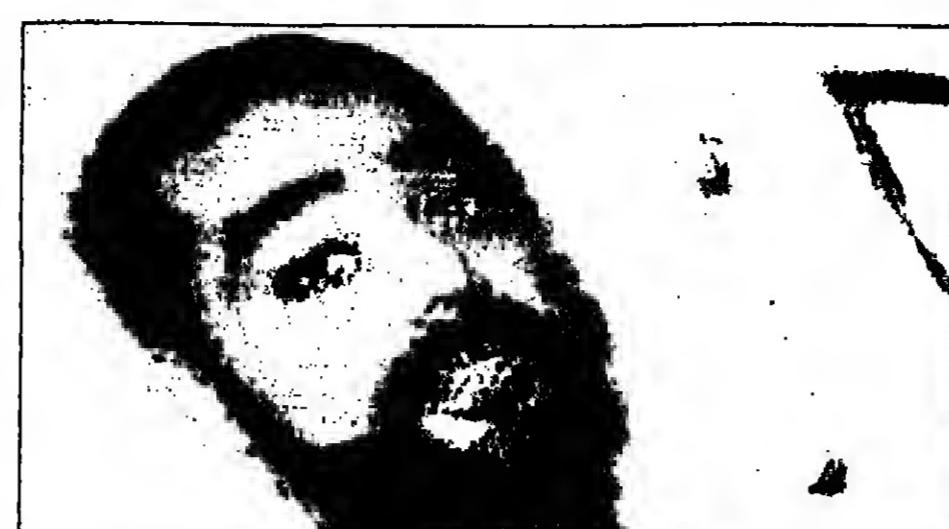
Uday is not known to have taken part in the killing. But he is notorious as the most violent member of the regime, beating his father's personal bodyguard Kamil Hussein Jalo to death in 1988. He precipitated the flight of General Hussein Kamil, President Saddam's son-in-law, in 1995, and murdered him on his return last year. Uday's drunkenness and womanising may also have made him easier target.

The attack is a blow to the regime. It makes Qusai, President Saddam's other son, the heir apparent. It is the first time members of the President's clan have co-operated with Shiites. It comes just as the regime appeared to be growing stronger after its successful military intervention in Kurdistan and the limited resumption of Iraqi oil exports.

ceived information about his whereabouts from "Lubna", a girl with him the car. There are conflicting reports that she was killed or wounded in the attack.

After the ambush, the most successful assault on President Saddam's inner family ever carried out, the attackers fled to Iran, though the Iranians had no prior knowledge of the assassination. The Iraqi Foreign Minister demanded through the UN Security Council that they be handed over. Iraq denied it knew anything about them. The attackers were apparently worried Iran might covertly return them to Baghdad and gave information to friends abroad about their predicament.

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Blood ties: Uday in hospital. The attack was a severe blow to his father, Saddam (right)



Photograph: Reuters

significant shorts

Communists fail to oust Yeltsin

A long-shot Communist bid to oust President Boris Yeltsin failed in parliament yesterday. The Communists could muster enough support to pass the resolution.

Such a resolution would have declared Yeltsin's presidency "terminated"; the Prime Minister, Victor Chernomyrdin, would have been placed in charge, and a presidential election called. But the resolution's sponsor vowed to continue his battle to get rid of Mr Yeltsin and claimed that procedural errors marred the vote.

The move came only hours after Mr Yeltsin showed up at the Kremlin for the first time since falling ill on 6 January. The surprise trip was clearly timed to quell claims that he is too sick to handle government affairs. AP - Moscow

Paris bank chief freed

Hundreds of employees occupying the Paris headquarters of the troubled state bank Credit Foncier de France released its chairman, Jerome Meysonnier, but said that the siege, in its sixth day, would continue.

The Finance Minister, Jean Arthuis, who has been under intense pressure over his plans for the bank, said that the release would allow a serious dialogue to begin. Reuters - Paris

Military loses sex battle

A federal judge ruled that a new law banning the sale of sexually explicit material at United States government-operated military stores violates the First Amendment, which pledges freedom of speech.

In a victory for *Penthouse* magazine, the US District Judge Shira Scheindlin ordered that the Department of Defense be restrained from changing the military's stock or selling policies.

General Media Communications, which publishes *Penthouse*, sued the department to block enforcement of the Military Honour and Decency Act.

Reuters - New York

China nets its students

To help convince its students studying overseas to return home, China will set up an Internet site to facilitate exchanges of information about research, education and jobs. AP - Peking

BSE deaths herald crisis in Germany

Germany has ordered the slaughter of all cows imported from Britain and Switzerland, and has imposed tighter restrictions on their offspring, after a crisis meeting of ministers.

Following the death last week of the fifth German-born cow to fall victim to bovine spongiform encephalopathy (BSE), passed on from its British-born mother, 5,200 animals are to be destroyed. Another 7,000 calves born in Germany were reprieved, although they will not be allowed to be slaughtered for meat. Imre Karatz - Bonn

Euthanasia law 'works'

A 69-year-old man has become the third Australian to commit suicide under the euthanasia law of the Northern Territory and doctors said the death shows the controversial law is now working well. The unnamed man was suffering from terminal stomach cancer. Reuters - Canberra

French rail strike

France's two biggest rail unions called for a strike on 30 January against plans to reform the heavily indebted SNCF state railway.

Reuters - Paris

Ethiopia team goes offside

Sixteen members of Ethiopia's national soccer squad sought political asylum in Italy, leaving their country without a proper team after slipping their escort during a stopover on the way to a match.

The 15 players and their coach disappeared from a hotel near Rome airport where they had been staying while en route to Casablanca for an African Nations' Cup match against Morocco. Reuters - Rome

'Pas de fumer'

French smokers were fuming over the country's first court decision to order a crackdown on tobacco use in public under a theoretically tough, but virtually unenforced, 1991 law.

A civil court in Lyon ruled that the state-owned SNCF railways had failed adequately to enforce the anti-smoking law in the central French city's Part-Dieu train station.

Reuters - Paris

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Kohl fends off storm over tax cut fiasco

Imre Karacs
Bonn

The German government's great tax give-away, which was intended to revive the economy and help re-elect Chancellor Helmut Kohl next year, has whipped up a storm within the coalition and provoked calls for the resignation of the Finance Minister.

The proposed leaner tax system for a fitter Germany is due to be unveiled today, but has already been condemned for its lack of vision. It is a blueprint of which Britain's Conservative government would be proud: headline income-tax rates are to be reduced but the real level of taxation will barely change.

The best visual illustration of the new system appeared in the conservative *Frankfurter Allgemeine Zeitung*, which yesterday carried a cartoon showing a piggy-bank with two slots. One is for rebates trickling in, whilst the second is for money pouring back to the state in the form of new taxes.

The good news is that, if Mr Kohl is re-elected, the top rate of income tax will fall in 1999 from 53 per cent to 39 per cent. At the other end of the scale, the bottom rate falls to 15 per cent from 26 per cent today. Germans earning less than 15,000 marks (£5,000) a year will pay no income tax at all.

Corporation tax will be slashed next year from 47 per cent to 35 per cent, bringing cheer to companies currently saddled with the highest wage bill and some of the highest deductions in Europe. The German tax jungle, in which exemptions outnumber the rules, will be pruned back, though not as savagely as originally anticipated.

The bad news is that despite abolishing a myriad breaks, slapping tax for the first time on

certain overtime earnings and raising more revenue from pensions, the Finance Minister, Theo Waigel, is DM25bn short of balancing the books. In the teeth of opposition from his ideological soul-mates, Mr Waigel is planning to plug the gap with a 1-per-cent hike in VAT, bringing it to 16 per cent.

That proposal has predictably raised opposition heckles, and accusations that the government is promising "tax cuts on one side and taking money out of people's pockets on the other". But such criticism from the Social Democrats was mild by comparison to the hysteria emanating from Mr Kohl's Christian Democrat party.

"If we don't go on to the offensive with a drastic tax cut as we promised, then a cabinet reshuffle would be desirable," argued Christian Wulff, a provincial leader of Mr Kohl's party. Mr Wulff was only one of a group, dubbed the "wild bunch", demanding Mr Waigel's head and implicitly accusing the Chancellor himself of broken promises.

Mr Kohl has sprung to his Finance Minister's defence, but has failed to silence a rare rebellion in the party. The row augurs ill for a re-election campaign that was to be fought on the tax record of his 14-year reign. The Chancellor may be forced to send Mr Waigel back to the drawing board today.

Even if the VAT rise can be averted, Mr Kohl's progress towards next year's elections will no longer appear a triumphant march. The consensus view is that social justice has suffered, without a commensurate benefit to business. And the welfare costs borne equally by employers and employees will remain on a steeply rising curve, ensuring that German labour will remain the most expensive in the industrial world.



Ice trap: A rescue worker making his way across the ice to attach a steel rope to a ship that became wedged in when the river Mosel froze over three weeks ago at Koblenz, in Germany. Attempts to free the vessel must wait until milder weather begins a thaw. Photograph: Reuters

Leung 'was not a Chinese agent'

Stephen Vines
Hong Kong

British Nationality Scheme.
These denials were made yesterday by Anson Chan, the Chief Secretary, when she appeared before a legislator's inquiry trying to get to the bottom of the reasons for Mr Leung's sudden departure last year.

The government has, however, now admitted that it was being "narrow with the truth" when it said that Mr Leung had left the service for "per-

sonal reasons". Mrs Chan emphasised yesterday that he was forced to go because his business dealings "cast serious doubt over Mr Leung's integrity, character and his suitability to remain in his post".

"We were not trying to cover up", she said, "we felt, the less publicity the better". Mrs Chan told the legislators that their inquiry was damaging the "morale and image of the Immigration Department" and urged them to close it as soon as possible.

Legislators insisted yesterday that they were still not satisfied they had been told the full story behind Mr Leung's departure.

Mrs Chan added to the shroud of secrecy by insisting that most of her evidence was given in camera and that two reports made by the police and the anti-corruption agency, should only be given to mem-

bers of the inquiry on condition that their contents remained secret.

After reading these reports the inquiry's chairman, Ip Kwok-him, said he was "shocked". On being reminded

that committee members were not supposed to comment on the substance of the inquiry, Mr Ip hastily said that he meant he was shocked that the government was not prepared to make these documents available earlier.

The Leung scandal has been casting a heavy shadow over Governor Chris Patten's claims to be running an honest and open administration.

At times the government has suggested that it has given full answers to all the questions raised, while at other times it has suggested that interest in the affair has been blown out of proportion.

Yesterday Mrs Chan made it clear that the fate of Mr Leung was of considerable public interest because he held a post responsible for a range of sensitive issues that could affect every man, woman and child in Hong Kong, as well as overseas visitors.

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Rifkind
soothes
Gibraltar
passports
fear

Elizabeth Nash
Madrid

The Spanish government yesterday quashed fears recently swirling around the Rock that Gibraltar passport holders might be prevented from entering Spain.

Suggestions that Spain might cease to recognise British passports issued in Gibraltar prompted howls of protest in Madrid yesterday between Foreign Secretary Malcolm Rifkind and his Spanish counterpart, Abel Matutes.

The two forced the matter to the

ministers' agenda.

After yesterday's meeting in regular bilateral talks on Gibraltar, Mr Matutes stressed that Spain did not and would not question Gibraltar's right to move freely elsewhere in the European Union. "Spain recognises the right of Gibraltar citizens to move freely in the EU and will do so as it has always done to respect this right," he said. He added that British and Spanish servants were in no position to resolve any technical problems.

Mr Rifkind said he welcome

Mr Matutes' clarification as

he hoped this would "remove

any confusion of the last few weeks."

He said the suggestions concerning possible action against Gibraltar-issued passports came not from the minister or Spanish officials.

Asked whether he now had a practical answer to suggestions

that Mr Rifkind said it would not be possible to implement, Mr Matutes stated:

"There are rumours of re-

centives to be introduced to go-

ing to Gibraltar whose

aim is to help because of the

fact that it is an independent ter-

ritory within the European Union."

Mr Matutes' statement in the Red

Book of the Spanish Foreign Minis-

try was welcomed, but it

was also noted that he based his

statement on a recent visit to

Gibraltar.

Mr Rifkind and Gibraltarian Minister Peter Caravaca have introduced some

measures to combat illicit

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in the lines

in future

Second jury puts OJ's defence to the test

Tim Cornwell
Los Angeles

"There is a killer in this courtroom," attorney Daniel Petrocelli told the jury, summing up his case in the OJ Simpson civil trial. "We've proved it beyond a certainty. We've proved it beyond any reasonable doubt."

The jury of seven women and five men were expected to begin their deliberations late today in the wrongful death law suit, opening the final chapter in the Simpson case. Last Thursday, told that they had heard the last of 101 witnesses over 41 days of testimony, they left the courtroom smiling.

The irony of the civil trial for Peter Arenella, a Los Angeles law professor, is that the plaintiffs presented a far more compelling case against Mr Simpson than the prosecutors in his criminal trial, where he was found not guilty in a unanimous verdict.

They dwelt on Mr Simpson's bizarre flight from justice with a gun at his own head, his suicide note, and fibres allegedly matching his blue-black clothes found at the murder scene.

"They have clearly proved beyond reasonable doubt that he was the killer. But that doesn't mean these jurors will share my assessment," Mr Arenella said.

Only two weeks ago lawyers for the

family of Mr Simpson's ex-wife

Nicole Brown Simpson and her

friend, waiter Ronald Goldman,

who were stabbed and slashed to

death in June 1994, produced what

commentators agree is one of the

most damning pieces of evidence in

the case. It was a reel of 30 newly dis-

covers of photographs of Mr Simpson,

wearing what were identified as rare

Italian-designed Bruno Magli shoes.

One was published in a newspaper

before the killings, ruling out fraud.

Mr Simpson denied ever owning such

shoes, but his defense never tried to

contest that they matched bloody

footprints at the murder scene. "If

that photo is real," said Mr Petrocelli,

pointing to one of them, "that's it.

It's the end of the ball game.

There's nothing more to talk about."

From the outset the dynamics of

the civil case, with Mr Simpson sued

for money damages by the Brown and

Goldman families, have been differ-

ent. The Santa Monica jury, sworn

in three months ago, included eight

whites, two blacks, a Latino woman

and a Jamaican immigrant who

called himself half black, half Asian.

Judge Hiroshi Fujisaki, vowing to pre-

vent a "circus atmosphere", banned

cameras and barred either side from

talking to the press.

He barred defense theories that

Mr Simpson was killed in a drug hit

and evidence that Detective Mark

Fuhrman - a lead investigator - was

a lying racist, as irrelevant.

The highlight came with Mr Simp-

son's testimony. When he appeared

for questioning by his own lawyers

last week, the former football star

and actor portrayed himself as his

wife's concerned confidant and

friend, rather than abuser and killer.

At the same time, his lawyers

launched an assault on Mrs Simpson

as a promiscuous, overhearing

woman who relentlessly pursued her

ex-husband, to the golf course and

even on a Mexican holiday. The ef-

fort was blunted when Judge Fujisaki allowed evidence of a letter from

Nicole that Mr Simpson said he

never received, mentioning at least

two violent incidents. "There was also

that time," it read, "you beat the holy

hell out of me. And we lied at the X-

ray lab and I fell off a bike."

Mr Petrocelli, the Goldman fami-

ly attorney, has repeatedly tried to

destroy any lingering image of Mr

Simpson as the dream athlete. "He's

lying, he's lying, he's lying," he said

this week. "And he got caught, got

caught, got caught."

Mr Simpson's legal team have been

quietly telling reporters that they have

won over three or four jurors.

They have raised Detective Fuhrman's

name at every turn, and with it the

notion that Mr Simpson was framed.

In the civil case, with Mr Simpson

sued for money damages, a nine-to-

three majority suffices. A hung jury

would be a victory for Mr Simpson,

with little likelihood of a retrial.



Mr du Pont in court; he is charged with shooting dead an Olympic champion wrestler

Photograph:AP

Insanity plea is likely for richest killer

David Usborne
New York

exhibiting eccentric behaviour for at least four years prior to the shooting. After his arrest, the famous heir was admitted to a state mental hospital and treated for schizophrenia.

Mr du Pont is said in particular to suffer from extravagant delusions that he is alternatively either Jesus Christ, the Dalai Lama or the last surviving child of the Russian Royal family.

He has also insisted that he is the target of an international assassination plot.

Lawyers for Mr du Pont have said in court papers that he suffers from "severe paranoid schizophrenia manifested by multiple grandiose and persecutory delusions and disorganized thought".

Seated in the court yesterday was the widow of Mr Schultz, Nancy, who is expected to remain for the entire trial. For his part, Mr du Pont spent the day yesterday staring vacantly and blankly around the courtroom. He was wearing a "Foxcatcher" wrestling sweatshirt in court.

On Mr du Pont's pay, meanwhile, are jury consultants who worked for OJ Simpson. Their role will be to assist the heir's lawyers in trying to pick the best possible jurors for the defence case before the first evidence is presented next week.

Mr du Pont had a longtime passion for the sport. The defendant shot Mr Schultz, pumping three bullets into his chest from close range, after confronting him outside the wrestler's house.

Witnesses are expected to testify that Mr du Pont had been

an automatic life sentence.

an ambitious programme of expansion apparently driven by renewed optimism about revenue prospects, particularly from national advertising.

While some of its weekend sections have boasted editorial colour for some time, a new printing plant in the New York district of Queens that is due to open in September will extend it to the main news section, the

paper announced. The change will begin with the Sport Section and eventually include the front page.

Most notable, however, are efforts being promised to give the Times a more genuinely national presence.

Currently in the United States, it is only USA Today and perhaps the Wall Street Journal that can truly claim to be national daily newspapers.

The Times revealed that it is to be-

gin printing immediately in plants in both the Boston and Washington DC areas to supply 110,000 readers spread through the north-east and mid-Atlantic regions. In the meantime, it has signed contracts with 33 regional daily papers and one national magazine to improve distribution to all parts of the country.

"We were seeing particularly strong growth in national advertis-

ing," commented Janet Robinson, president and general manager of the paper. "That made us examine where we were going after advertising and where we were going after circulation."

The fortunes of American newspapers as a whole have also been boosted recently by a moderation in newsprint prices which in recent years had risen to crippling levels.

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Prostitutes from the slum may hold key to Aids cure

David Orr
Nairobi

Monica Marwa is a 25-year-old prostitute living in the notorious Majengo slum on the outskirts of the Kenyan capital, Nairobi. She charges between 30 and 50 Kenyan shillings (between 33 and 55 pence) for sex. There is nothing extraordinary about her line of work nor about her fees – it is estimated that more than half of the women in Majengo sell their bodies for such paltry rewards.

What is surprising is that, despite years of unprotected sex and exposure to the HIV virus, Monica seems to be immune to Aids.

Hers is one of some 40 similar cases in Majengo which scientists believe could hold the key to an Aids cure. In a programme bringing together the University of Nairobi with Oxford University and two universities in North America, researchers are mapping the genes of Majengo's HIV-resistant women in an effort to discover what it is that protects them from infection.

"We are taking blood from the HIV-negative women and their relatives as well as from some women who have tested positive," says Dr Ephraim Njagi, whose work at the Majengo clinic for commercial sex workers is at the forefront of the research programme. "At the moment we believe some women have a genetic make-up

which enables them to produce something which kills off the virus.

"Eventually, we hope it will be possible to produce a vaccine which will immunise people against Aids."

HIV-resistance is considered the "hottest" area of Aids research. To date, most studies on the subject have been confined to homosexual men in the United States.

Nearly 1,900 commercial sex workers have been documented since the clinic at Majengo was opened just over 10 years ago. In that time, 400 of the women have died of Aids. More than 90 per cent of the clinic's clients are HIV-positive.

"I'm really surprised I'm negative," says Monica on the day she calls at the clinic for a biannual blood test. "When I started in 1991, I never asked the men to use a condom. I only began insisting on it in 1993. Quite a few of my friends have died of Aids. I thank God, I'm very lucky."

When Monica comes to the clinic she takes three cartons containing 144 condoms each. Although they are free, condom usage is estimated at only 70 per cent among Majengo's prostitutes.

Even the HIV-negative women are advised to use condoms as their immunity cannot be guaranteed.

Monica has an average of four or five clients a day though towards the end of the month, when workers are paid, that number can rise to 15 or 20 a day.

The evidence that HIV resistance could be genetic is persuasive. Two of the HIV-resistant women attending the clinic, categorised as Nos 887 and 893, are sisters. No 887 has three daughters, all prostitutes, who have consistently proved to be HIV-negative. No 893 has two daughters who work as prostitutes and are also HIV-negative.

Yet resistance to the virus is not automatically inherited by all family members. Mastura Adam, another prostitute, is HIV-negative despite exposure to the virus. Both her aunt and her sister are sex workers. Yet while the former has proved immune to HIV infection, the latter is seropositive.

The HIV-resistant women at Majengo show no trace of the HIV antibodies normally associated with people who indulge in high-risk sexual behaviour. Yet they regularly become infected with sexually transmitted diseases so must also be frequently exposed to HIV. Cases like theirs are fueling speculation that some people are genetically programmed to produce specialised cells which neutralise the virus after it enters their bodies.

It is estimated that in Kenya a million people – more than 7 per cent of the population – are HIV positive. In some areas of Nairobi, 20 to 30 per cent of women coming for prenatal check-ups are infected with the virus.



Medical miracle: Monica Marwa (right, in a Nairobi clinic), remains HIV-negative despite exposure to the virus

Photograph: David Orr

Poverty squeezes blood out of Russia

Phil Reeves
Moscow

For once, Andrei Rogovoy had a good day. Since leaving the army, he has been searching for a job which would put enough food on the table for his wife and one-year-old daughter. Yesterday he found one, albeit short-lived: he sold his blood.

By Russian standards, the returns were good – just over \$20 (£12). And although he can only give blood once every two months, he can sell plasma once a fortnight for double the fee. By the month's end, he should have struggled above the national poverty line.

Unlike many blood donors, Mr Rogovoy, 22, is motivated by cash. He is not alone. True, some of the 150 people who queue daily in the dingy corridors of the Moscow blood and transfusion centre are altruists, or merely looking for drinks money (the crowds double just before public holidays). But plenty are drawn there by need.

The donors – ranging from dismally-paid economists and accountants to soldiers whose pay packets have been delayed – all live in an economy that has yet to deliver the promised riches that rang so loudly in their ears when Russia embarked on its free market reforms.

In the last few days, the Russian government has churned out statistics providing further evidence that the downward spiral which began shortly after the collapse of the Soviet Union is proving harder to correct than many of the advocates of reform, including leading Western economists, had predicted.

In 1996, Russia's gross domestic product (GDP) plunged 6 per cent, 2 per cent more than in the previous year. Wage arrears rose to more than \$8bn, money owed to tens of millions of employees, from teachers to air traffic controllers and policemen. On average, the profits of those enterprises that were making money fell by half in the first nine months of the year, dealing yet another blow to the government's tax collectors, who were already losing a battle against non-payment.

To be fair, there was a dip in the number of people below the government-defined poverty line, earning less than \$68 per month. But the figure is still appallingly high – 32 million people, or one in five of the

population. Unemployment is growing, hitting 9.5 per cent in December, according to official estimates – although a report released yesterday by Guy Standing of the International Labour Organisation said the true figure is far higher.

Russia's Economics Minister, Yevgeny Yasin, has been surprisingly willing to admit that his government's reforms failed last year. There was, he conceded, only one significant advance: a tenfold drop in the inflation rate of the previous year to just over 20 per cent. Franck efforts to ensure the re-election of Boris Yeltsin by handing out promises of money across the country overrode good housekeeping. "We sacrificed 1996 to the altar of democracy," the minister said.

Now, with Mr Yeltsin back in office – albeit sick, isolated and fending off cries for his resignation – Mr Yasin's ministry is planning a counter-attack. It has presented the government with a three-year plan to turn the economy around, which he unveiled yesterday. It is an odd mixture of tough Thatcherism and social democratic paternalism. Deep cuts in social spending sit alongside a commitment to state support for high technology industries, notably aerospace and nuclear power.

The former includes sweeping aside the legacy of Soviet welfare by slashing the huge sums spent on subsidising housing and communal services. This should be replaced by targeted payments, aimed only at the genuinely needy, he said. He also wants to end cross-subsidising of domestic gas and power, and passenger transport by big industry. "Tariffs must cover the real costs," said the minister, pointing out that households pay about 10-15 per cent of the real costs of electrical power.

The overall thrust of the plan is to cut the level of "unbearable" state spending which is the same proportion of the GDP – about 45 per cent – as the hugely more prosperous Germany. Although it would, Mr Yasin conceded, be an "extremely difficult" programme, it would set Russia on course for 2 per cent growth this year, rising to 5 per cent by 2000.

It is, of course, only a plan. There are many unpredictable factors, from the future of Mr Yeltsin to the overall climate for international investment.

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for people who have
overdrawn their accounts.
RICHARD SANDERS
People Action, Oxfordshire

Heseltine finds that the frontier has moved

Michael Heseltine's chagrin is understandable. The Tories have long been the natural party of British business. They aren't any longer - which is why Mr Heseltine, a formidable operator, is guilty not just of tactical error but a failure of political imagination all the more remarkable in someone whose own past views on UK plc and government intervention branded him definitely not "one of us". The Tories cannot see that history has moved on. It is a sign of genuine national progress that Labour lumps can sit down with business lunks and that British business leaders are at last prepared to think about party allegiance for themselves and forswear that knee-jerk tribalism that too often in the past made the Institute of Directors, let alone City dining rooms, into outstations of Conservative Central Office.

Traditionally business did veer towards the partisan right. The City is dominant, and English bankers have, at least since the middle of the last century, associated themselves with a reactionary stance in politics. For too many of them, Montagu Norman is still a patron saint. British business's conservatism has of course also been conditioned by the rhetorical commitment of Labour to ending the capitalist system. In practice Labour governments have got on famously with individual business leaders, from Beaverbrook (a Cabinet colleague of Attlee and Bevin in the

wartime coalition) to Harold Wilson's industrialist chums. But the madness of Labour's turn to the left in the Eighties allowed the Conservatives to lodge the impression that business support for Labour was akin to the proverbial turkey voting for the festive season.

But only blind prejudice would deny that Tony Blair has sloughed much of Labour's historical skin. Meanwhile, out in the private economy, company directors (a hugely diverse bunch, which no amount of Institute of Directors' collective can amalgamate into a single voice) nowadays make pragmatic judgements about the parties. It is probably true that the "social consciousness" of members of Germany's *Mittelstand* is higher, and that Italy's small and medium enterprises are much more diverse in political allegiance; but evidence is growing that Britain's "business community" cannot be locked up in the blue column. Most businessmen probably prefer the idea of a Conservative government. But their support should not be taken for granted. Some businessmen have had fruitful dealings with Labour local authorities; others have enough political awareness to register the mighty presentational changes wrought by the Blairites. Either way they are quite capable of calling the shots on their own and concluding that it may even be advantageous to their cash flow to favour a party other than the Conservatives.



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This was the kernel of Michael Heseltine's mistake: to lambast the business members of the Institute of Public Policy Research's commission as if they were capable of being turned into party dupes. His attitude is redolent of an old-fashioned statism - business people are naïve children in matters of policy and politics who need the tutelage of a professional. Michael Heseltine likes it to be remembered that he made a lot of money as a publisher. True, but he has now been a professional Tory politician for far too many years, and his rant will rightly have been found offensive by many practising money-makers, who

think they can make up their own minds about which party they feel loyal to.

Those who consider the distribution of economic power within Britain's private sector peculiar may say that the historical connection between directors, Rotary Clubs, chambers of trade and local Tory associations is fixed. For those who like to model things this way capitalists - whether Anglo-Saxon or Rhenish - will tend to support the party of property and disdain the party of high taxation. But must the party of the left be an enemy of property or the party of high income tax? That certainly was not the guise adopted by Shadow Chancellor

Brown on Monday. Look meanwhile at the other great example of Anglo-Saxon capitalism - the United States - and see that there need be no fixed relationship between those who run companies and make profits, and the party of the right. Both American parties are pro-business.

The Labour Party is not the Democratic Party - yet. Messrs Blair and Brown have - yet - to be tested in the crucible of office, fending off party demands while fiscal contingenciesumble mercilessly away. Down in certain constituencies the red flag flutters and attitudes towards profit-taking and enterprise are still antediluvian. A Blair government will have to master the trick of recognising the justice of employees' claims while continuing to distance itself from Labour's historical partnership with the trade unions. Labour's business education is incomplete.

But that is why Sir Christopher Harding, Robert Ayling et al must turn on their accusers and say: it is now that Labour's modernisers need all the help they can get, not in some hole-in-the-corner fashion, but up front. It is in the interests of British firms individually and British business collectively that political life should move away from the spite and confrontation epitomised by Michael Heseltine's characterisation of a pro-business and anti-business divide. When both parties are pro-business, it will be the quality of their policies that matters

welfare into work, schooling, skill training, regional economic advance, research, all those areas of "deep investment" for which the state alone possesses the resources and time horizon. Thatcherism redrew the economic boundary: Labour accepts that. It is time to step up exchanges along that new frontier, which is why the Tory response to the IPPR commission will dismay perceptive business people as they look forward to political change with equanimity, if not outright enthusiasm.

HM Prison Ship Britannia

Here's a little reader competition. There's no prize, except the satisfaction of having bent your mind to a serious matter of policy. It is this. Can you think of a more purposeful way of spending the millions Michael Portillo wants to shell out of your pocket on a new Royal Yacht? To get you started ... How about turning the present one into a prison ship? Or holding a continuous party on it in the middle of the Thames, starting on 31 December 1999 and finishing with a big bang a year later? If you can't think of anything more useful, then presumably we'll have to accept that buying a new Royal Yacht is the best idea the Government has had this week.

LETTERS TO THE EDITOR

Police bugs: let local judges decide

Sir: How welcome it was that 44 Labour peers chose to ignore the advice of their own front bench on Monday evening and decided to vote for the Liberal Democrat amendment to the Police Bill, as well as for their own ("Howard attacks bugging shambles", 21 January).

Liberal Democrat peers seek to require chief officers of police to receive the prior authorisation of a circuit judge before they cause entry to be made into people's homes and offices for the purpose of planting bugs.

The Labour amendment was also passed with Liberal-Democrat support, but it is far less satisfactory. Labour proposes that an authorisation to barge and bug already given by a chief constable shall not take effect without the approval of a commissioner appointed by the Prime Minister. It envisages that there should be three commissioners for the whole of England and Wales, who shall be High Court judges or above. Prior approval is not required under the Labour amendment where it is not "reasonably practicable".

Labour should not make obeisance to the judicial hierarchy. I would be surprised if a quarter of the distinguished and eminent brother- and sisterhood of the High Court bench had ever met their clients in the comfort of the prison cell, or had dealt hands-on with the responsibilities of prosecuting counsel within 20 years of their appointment. The flower of commercial and civil practitioners do adapt surprisingly quickly to the conduct of criminal trials as High Court judges, but the Old Bailey is not their natural home.

The great wealth of experience of the criminal law and its practice resides in the circuit judges not just of that court, but of all Crown courts throughout the country. They live in the community where they sit as judges. They know the temper of the people, and have experience of their police forces.

Every day, they fulfil their role in holding the balance fairly between the interests of the public, whose protection is their immediate concern, and those of the accused individual before them.

Circuit judges are readily accessible at all times to police officers seeking an authorisation under the proposed Act. Toughened by practical experience, they are not noted to be soft on crime or criminals. The excuse that it is not "reasonably practicable" to go to London will frequently be made - it is foolish to suggest that High Court judges in London can make a better-informed, fairer or quicker judgment on an application for approval than local judges on the spot.

The Labour front bench should swallow their pride: their recent U-turn on this issue was made so hastily that they sought to save face with a hurried solution of their own. Failure to follow the Liberal Democrat lead in its entirety has produced a less practical and sensible response.

Lord THOMAS OF GRESFORD QC
House of Lords



Build a clock to mark 2000

Sir: J W Dixon's suggestion (letter, 20 January) that cities and towns should erect millennium clocks gives me an idea. What we should do is have a Grand Millennium Clock Competition, in which anybody can compete to build interesting clocks designed for use in public places.

Competing clocks would form the Grand Millennium Clock Exhibition in 1999. At the closing ceremony, prizewinners would be selected, and TV cameras would record the clocks passing midnight. After this there would be a Grand Millennium Clock Auction.

ALAN ROBINSON
York

Sir: Why bother celebrating the millennium at all?
CONRAD PAYNE
Haddenham, Cambridgeshire

Palace drawings cost student dear

Sir: I am a foreign student doing an MA in fine art. During the Christmas holiday, I spent a few days in London visiting museums and galleries. I am impressed by the collections, the professionalism and the facilities (recorded hearing aids) in the National Gallery, National Portrait Gallery and the Tate. Best of all is that they have free admission.

On the last day I went to Buckingham Palace to see Da Vinci drawings. To my astonishment, I had to pay £3.50.

The collection came from Thomas Howard, Earl of Arundel in 1630. During the civil war he left the country. In 1690 the collection appeared in Kensington Palace, originally presented to the monarch as a civil war trophy.

To pay £3.50 to see such a mysteriously acquired collection, which belongs to one of the richest women in the world, is appalling. TAN KWANG-LIANG
Birmingham

Sir: You correctly note that business support of capital projects in the arts has suffered a major drop from £13.9m to £5.3m, which could indicate a problem for Lottery projects. ("Lottery Funding Threat", 18 January). However, the article implies that this figure covers all business sponsorship of the arts.

In truth, the arts sponsorship market is in an extremely healthy position, with overall business support of the arts standing at £79.8m - dipping only slightly from the previous year's record high.

COLIN TWEEDY
Director General

The Association for Business Sponsorship of the Arts

London SE1

Crunchy sprouts

Sir: Since when were sprouts classed as a soft vegetable (report, 22 January)? In my home they crunch when gently steamed for 5-6 minutes, but I wouldn't touch the frozen ones that collapse to mush.

Maybe if more people took the time to select young, fresh vegetables and learned to cook them properly, children wouldn't turn their noses up - my three- and four-year-olds don't! Making everything taste like packets of crisps is not the answer: invest in a decent cook-book instead.

KAREN ILLINGWORTH
Midhurst, West Sussex

Home birth favours fathers

Sir: After Jack O'Sullivan's sensitive article about fathers and the birth of their children (21 January), might I recommend "home birth" as an alternative?

It was my wife (a registered midwife) who first pursued the home route as a medically safe and mother-child-friendly alternative. After the birth of our first child I became convinced of its father-friendly qualities too. A safe delivery in the early hours was followed by cups of tea and a few hours' rest tucked up in our own bed together, before getting on the phone to announce the news.

I was immediately on hand for nappy-changing and winding duty, while my wife could concentrate on breast-feeding and recuperating. I felt I was right on the action and yet not "in the way" (the common experience of fathers in hospital).

Last month we had our third child - born at home, like the others. I thoroughly recommend it!

Dr MATTHEW DYER
Ashford, Kent

Pay Eurotaxes or lose jobs

Sir: No one could accuse the Adam Smith Institute of a devotion to logic. Their letter (18 January) condemns a common European currency on the grounds that some countries have the need to devalue from time to time, in order to compete and export their unemployment.

In the absence of this option, they will need assistance from other member states, funds derived

from taxation. In practice, all this means is that the more competitive areas of the Union have the option of paying a tax or losing their jobs.

HOWARD CHENY
Shipston on Stour, Warwickshire

Sir: What is *The Independent* doing blaring out headlines like "Now Britain faces single European tax system" (16 January)? This language caters to a paranoid, Eurosceptic fantasy according to which EU proposals are a series of schemes dreamed up by foreigners to impose on Britain.

In fact, any EU state might have something to gain from a development of this kind. EU countries are already suffering from their lack of co-ordination over taxation, which, in a context of capital mobility, weakens their power to tax revenues and profits effectively. The result has been a forced drift towards taxes on employment and sales.

DR NOEL PARKER
Lecturer in European Politics
University of Surrey, Guildford

Our John

Sir: As an expatriate Gibraltarian, I take exception to your headline describing John Galliano as "The Englishman who stormed Paris" (21 January). He is the most famous expatriate Gibraltarian in the world, born in Gibraltar of a Gibraltarian father and Spanish mother.

MICHAEL BRUFAR DE
MELGAREJO
Fleet, Hampshire

Books vs the Internet

Sir: Nick Edmunds (Network, 20 January) does not mention when his time of 15 seconds to discover the population of Zambia using the Internet search engine Alta Vista started - presumably all switched on and fingers on the keyboard.

Reading this at the breakfast table I felt challenged, looked at my watch, got up, went across to a small number of reference books, chose *The Universal Almanac, 1997*, consulted the index, found page 531 and was informed that the population of Zambia was 9.4 million for 1995, returned the book to the shelf, sat down. Which took 45 seconds.

The printed page still has a lot going for it.

HARRY MACKLEY
Newcastle upon Tyne

Books vs Eng Lit snobbery

Sir: "Stop the pubbers poisoning our children," said Michael Howard at the Conservative Party conference. The Public Entertainments Licensing (Drugs Misuse) Bill, published by Barry Legge MP, aims to do just that.

The fact is that the Government will not succeed in eradicating the consumption of and dealing in ecstasy. If people want to take ecstasy and dance all night, they will. If people want to take ecstasy and make lots of money, they will. It is impossible to stamp out drugs. However, it is possible to create a safer environment with the

minimum of risk for those who feel inclined to take ecstasy. Politicians are stupidly quick to reject "harm reduction" measures - free cold water in clubs, no overcrowding, good ventilation, chill-out areas and tablet testing. Introduce these and the risks will be reduced considerably.

VICKY MILES
(aged 16)
Sunford in the Vale, Oxfordshire

Trust overcame men's differences

Sir: I was chairman of the meeting described in Neil Lyndon's article "Man to man" (20 January). Mr Lyndon is correct to point to the ideological divisions within the group - the libertarians vs the moralists, to name but one - but that is the very reason why the meeting was significant and why I regarded it as a success.

Actions by men to protect the legitimate interests of themselves and their children have, in the past, tended to be weak and fragmented and attempts to forge sustained alliances have tended to fail through ideological divides. This was why I deliberately chose to avoid discussion of ideology, which Mr Lyndon saw as a deficiency. This was a large meeting of seasoned activists from many disparate groups and the fact that we managed to develop a cooperative campaigning strategy in an atmosphere of trust and mutual respect without a single serious dispute forming was, to my mind, quite an achievement.

Dr JOHN CAMPION
Director, The Cheltenham Group
Midhurst, West Sussex

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Striking a balance between Whig and Tory views

PEACE ON THE TURKS

995, the Turkish armed forces have been as a national interest the change in the Aegean... They are making preparations in this direction.

tzopoulos, Greek Defence Minister

of concentrating on internal problems as the lack of democracy and human rights in Turkey government has pursued its position towards Greece.

mitis, Greek Prime Minister

(by Turkey's Foreign Minister to Cyprus) proves that Turkey cannot ignore international legality... We denounce such actions they worsen the already bad climate.

Reppas, Greek government spokesman

indeed, many see Turkey, whose position in Nato, as likely contestants in war.

western experts believe may break Greek-Turkish relations. This issue and Turkey's position in the UN suggests that the Cyprus is untenable. The ultimate peace is not far off, but the benefits of it are not clear.

This is partly because Turkey introduced an important measure called liberalisation. It is to encourage a customs union in the EU, but Greece and the Turks that are fed up with Europeanism of its human rights and with those who did not offer EU membership.

Turkey's alienation from Europe has increased since last year when Mr Erkut, as Minister for foreign policy, was forced to resign after he had signed a memorandum of understanding with the US.

He had found time to travel to Libya, but he had to leave Washington and resign. When the US president would stop threatening the Greek Cypriot leaders, he announced the above as the limits of his relations with Turkey.

Turkey's relations with the UK have been strained by the recent downgrading of our trade, which has come from the UK. The Turks feel that we have taken for granted what we have given them. This is increasingly true, and the situation will continue to deteriorate.

It is not surprising that the US and Europe are becoming more and more anti-Turkish and less pro-Turkish and less pro-Greek. This risk of war is now real, and the people will start fearing the US and Europe.



Donald Macintyre

Parliament's role involves more than Douglas Hurd's belief that it should sustain the executive'

that bad laws are too often rushed through whipped standing committees without alteration. He sensibly argues that Parliament would be improved if there were fewer ministers. He's right to point out that there must be something wrong with a government which has grown in numbers since it was running first an empire then a command economy. It may not be literally true, as a Permanent Secretary assured me, that "80 per cent of the world's junior ministers are in the British government". But the indefensible exemption of the ministerial staff from the ruthless reductions in Whitehall manpower serves only to reinforce government patronage, and silence dozens of the most intelligent and independent-minded MPs.

He is on less sure ground in suggesting that "Chief Whig" Sir Richard Scott and Lord Nolan may have "unwittingly contributed to the deterioration of government and parliament. Maybe the post-Nolan regime on earnings disclosure will drive away some bright MPs. But which does more to damage the quality of MPs - that or the hopelessly ramshackle lottery of MP selection, not least in his own party? He may be right that Sir Richard was naive about the workings of government. But would the Government have been in trouble over arms in Iraq if it were not for the pervasive convention that on sensitive issues, departments answer parliamentary questions in the most contemptuously minimalist way they think they can get away with?

But Hurd's central thesis is also surely too benign. A government certainly has a fundamental right to get through the programme on which it was elected, properly used, whips subordinate democracy rather than merely impeded it. The Commons needs a balance of functions to be healthy. It is a scandal that the whips' patronage extends to the select committees, and that departmental committees don't have more resources and powers. And that more standing committees don't have the power to call expert witnesses while considering legislation or - occasionally - more freedom to divide on detailed provisions of Bills across party lines. You could even imagine a partial extension of the Salisbury doctrine (the convention which precludes the Lords from blocking legislation contained in a government's manifesto) to the Commons itself. It isn't too fanciful to think this would allow MPs to improve bad Bills without standing between a government and its mandate.

To its credit, the Thatcher government, learning from five years in Opposition, expanded the system of select committees when it was elected in 1979. Now Labour, if it wins, needs to take the Commons reform process further before it learns the bad habits of government. This is not to argue against Lords reform. Only to point out that the better you make the Lords, the more glaringly apparent will be the defects of the Commons.

On Tuesday night, the burgeoning intellectuals of the Cambridge Union voted three to one in favour of fox-hunting. At Oxford's equivalent in 1995, it was two to one, so it looks as though the brains of Britain are lining up nicely with the outdoors set. It is unclear whether Melvyn Bragg is an intellectual, as opposed to an engaging *matriot* in the ideas of others, but this week *The Field* was clearly thrilled that the thinking woman's crumpled was on side and quoted him at length on his views in favour of hunting.

Melvyn Bragg has become an increasingly complicated and valuable liberal, especially wherever Cumbria is concerned. But he didn't stress the best reason for supporting hunting, and the cleverest. Life's absurdities are a weirdly necessary part of its charm. Even if hunting were bad in every way, it would be necessary to defend its glamour - its magical uselessness - against the killjoys.

Sensible puritans, who never understand anything much, have not even noticed that there is plenty of socialist pleasure to be had from the sport. Labour may try to ban hunting, but it far out-hides taxation as the most efficient way of divesting the rich of their money while affording the rest of us the innocent pleasure of watching them break their necks.

But enough of puritans. Along with falling in love, bending the knee in prayer, and going to the opera, hunting is one of the few genuinely irrational occupations left to us. Of the three, it is the one most dignified (indeed defined) by extreme risk. Romancing, after all, does have some moments of solace. Church-going is for the risk-averse. Opera, like the others, offers high levels of barnacles but far too little danger.

Hunting is not merely very risky, but it has the merit of confining the risk-taking to volunteers. In this it differs from war, motoring or romance. People will go banging on about the fox's suffering, but this is absurd since God or nature had ordained a world in which foxes do hideous deaths anyway. At least a hunt ensures the fox dies on an adrenal high.

Of course, any rational argument for hunting reduces its charm. Luckily there are very few.

It is true that many of the countryside's small woodlands,

and some of its hedges, have been looked after for the benefit they bring as cover for pheasants and foxes. But farmers



by Richard D North

Ban fox-hunting, one of life's great weirdnesses? Never. The hunters would only find something more threatening to do

might learn to look after habitat because it is lovely.

The real danger is in suggesting that there is an economic merit in hunting. To be profoundly irrational, activities should demonstrate a vast capacity for getting people's money out of their pockets and then seeming to waste it. In this hunting nearly matches gambling.

Hunting is both popular and expensive and so the sums do

get to be quite large. Janet George, press officer of the British Field Sports Society,

says: "My rough count is that every fox killed by hounds sustains at least one full-time job and contributes to at least two others." The sum is fairly simply done, and necessarily imprecise. Hunts kill about a tenth, or 20,000, of the foxes which man

kills in the UK every year. The country's 189 hunts employ, on average, four to six people. Then there are the armies of people in the countryside who are employed by rich riders, or who work for businesses that look after horses at livery for the less rich. Janet George continues: "Livery costs £80-£100 a week, then there's shooting every three to four weeks, at an average 35 quid a time. Every time the vet is through the gate it's £25. Let's say it's something like £5,000 a year for a horse, without the capital cost of buying it." She thinks perhaps 60,000 horses are kept in the country because of hunting.

One way or another, according to a back-of-the-envelope calculation done by Lord Ouslow and me one winter's morning, every fox killed by a hunt has probably had expended

on its demise something like £25,000, as it is chased by people the least of whom will have spent several hundred pounds on decent attire for the occasion. All this is without the cost of running a charismatic but decrepit Land Rover, which will do 10 miles to the gallon, when it's working at all, and tow a horsebox costing £3,000. "I don't think you can hunt for much less than £7,000 a year," says his lordship.

Luckily, the money argument, which comes from being born-again sensible, doesn't really help the cause. Here, hunting's likeness to war is useful. It is important to demolish the idea that the arms trade should be preserved because it provides jobs. This is not in, hunting's case, the issue (noted by among others Professor Paul Dunne, of Middlesex University) that

HMG spends more of our money getting the deals than the deals are worth. Rather, the argument turns on the belief that when people and their talents become detached from one occupation, they quickly create or attach themselves to another. The arms trade is no more necessary to the country's well-being than canals, steam engines, or tweedies. Professor Colin Robinson, professor of economics at Surrey, and editorial director at the Institute for Economic Affairs, says: "What happens over time is that economies change and people find ways of doing things better and using less labour." Hunting is merely very inefficient pest-control and would on economic grounds be swept away. But the real point is that it ill-behaves a bunch of reactionaries and romantics like foxhunters to argue in favour of Soviet-style job creation, or even good sense.

If fox-hunting is banned, riders will switch to something more vulgar: say drag hunting, which is if anything more dangerous (because even faster than chasing foxes), though more predictable and less romantic. Riders are likely to fulfil the prediction of the risk analyst John Adams, who formulates the view that everyone has an inbuilt taste for risk (and he might just as well have added: expenditure), which varies from person to person but cannot be circumvented. On this view, if you deprive a person of one avenue of putting himself at risk (or spending money), he will simply find another. So safer cars and roads simply produce worse driving; though the cocooned drivers may be contributing to thousands more virtual accidents to unprotected pedestrians whose response is to stop walking about - which is what most pedestrians have done.

If hunting were to be banned, risk-seeking horsemen and women might take to the highway on Kawaskis. They might take up winter yachting (an idea that seems improbable only until you recall the nature of the activity whose banning causes us to hypothesise on the matter). They might decide to have exotic affairs instead of chasing foxes, and that would hugely increase their phone, restaurant and hotel bills. They might hunt abroad, which would delight the poor people among whom they despise. They would have to get their kicks and spend their money somehow and it might as well be here where we can delightedly keep our eye on them.

Breakfast time, and he's full of fight

Feeble jokes and flat oratory aside, the Prime Minister remains formidable, says Andrew Marr



Business people in Birmingham join Mr Major's London breakfast yesterday News Team

There was no interruption from a wild-eyed, air-stabbing member of another party. There were no hard questions. Among the scrambled eggs, smoked salmon and coffee, there was a great, murmuringly omnipresent desire by hundreds of business leaders to be... well, to be convinced by John Major. They are his natural friends and their breakfast hour with him in London yesterday was, by comparison with what will come, an easy venue for the election Prime Minister.

It did, however, provide a fascinating and useful forecast of how Mr Major will campaign; what his main lines of attack will be, and the tone he has chosen in trying to grapple with and pin down new Labour.

Let us begin with the voice. He was not then, and never will be, a silky or inventive orator; the jokes were almost endearingly lame, the sentences studious with redundant "most emphatically", and the rhetoric replete with classic, anticlimactic Majorisms ("deregulation is like wrestling with a greasy pig - there is always a lobby opposed to it").

But those of us easily distracted by the fleeting image of anti-pig-wrestling hobbies are in a minority. These slight eccentricities of speech apart, Major was compelling, lucid, thoughtful and friendly. The nation may not yet be at ease with itself; but its Prime Minister most emphatically is.

The central theme was that Britain is experiencing a golden economic dawn. It seems clear that Major wants to fight on the economy first, and the constitution second.

Economically, he wants to focus the country's mind on the remaining important differences of policy with Labour. Gordon Brown's emphasis on tackling youth unemployment will be met with Tory insistence on the connection between the higher joblessness in France, Italy and Germany, and the minimum wage. Continental protectionism, Mediterranean social costs and Britain's swollen share of inward investment were savaged and lauded as Major tried to convince us that we really are, this time, on the edge of economic rebirth.

Of course, incumbent politicians have been saying that for decades. With the exception of the Lawson hubris, economic success is perpetually declared to be "a real prospect", "just around the corner" or "beginning to dawn" - a

I did not get the impression that Major wanted either VAT or income tax to feature much in the coming campaign, perhaps for obvious historical reasons. But that, if so, would represent a hugely significant tactical Labour success, vindicating Brown's announcement at the beginning of the week. This, so far as I can tell, would make 1997 the first Tory campaign since the war not to feature Labour's plans for income tax.

Major was not, however, implying that taxation generally wouldn't feature. He reassured his pledge to concentrate on cutting capital gains taxes and inheritance tax and hoped to cut the basic rate to 20%.

He emphasised that all this would come

"only when it is affordable". Early Tory thinking in response to Brown's political coup on taxes seems to be to question new Labour's credibility, since the business cycle might mean taxes going up anyway, as happened after 1992. This is cheeky stuff. Once the Conservatives said Labour was irresponsible because it was the party

of high taxation. Now they say Labour is irresponsible because it is promising not to a party of high taxes.

The other theme that Major wove in and out of his economic message was Europe. In a sense, for him, the EU and the economy have become a single message, with federalism and social protection the twin evils. Unlike, say, Michael Portillo or John Redwood, he describes the European question in economic and pragmatic terms. I don't think he mentioned the word "sovereignty" once.

For him, "national interest" is more about GNP than the grand sweep of Our Island Story. As to the true Brussels-falter's fervid concentration on legal authority, European supreme law and all the rest, Major just doesn't get it. This must have comforted the businessmen, even if it depresses his Eurosceptics.

Pardon me, but he is wrong on the Lords, just as he is deeply wrong when he suggests that Scottish home rule would be the "blue touch-paper" breaking up the British Union.

In the case of the Lords, there is a deep Tory majority available for the really important occasions, and there is the anti-democratic use of inherited voting to frustrate the Commons. He is right to mock Labour's half-way House; the answer is either abolition or an elected, semi-annual Upper Chamber. And when it comes to Scotland, it is the anti-change, anti-popular Tory diehard position which endangers the Union, not the moderate proposals of the reformers.

But this first real taste of Major in electioneering mood was not a test of whether one agreed with his ideas or not - they are familiar enough. It was more a test of his ability to communicate and project arguments in a compelling way - a test, in short, of whether he still "has it" as a campaigning leader. And he has.

Alone and dying



Just four days old, Moses had only hours to live

A gardener found this tiny, defenceless soul, abandoned in the rushes of a pond. Hungry, frozen and afraid, it seemed like a hopeless case. But his finder drove four hours to deliver him to the welcoming arms of The Blue Cross.

Lyn, the deputy manager, hand-fed him through the night until he fell asleep, warm and safe in the crook of her neck. Under our watchful gaze he grew bigger every day. But to treat, feed and care for Moses cost around £45. Your gift of £2 a month could help save another tiny life like Moses.

If you want to help animals like Moses please return the coupon below

Please send me more information about how I can help animals like little Moses by making a gift to The Blue Cross.
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Address: _____
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Send to: The Blue Cross, Freepost, Room 776C, Shilton Road, Burford, Oxon OX18 4BR.
Reg Charity No. 224521
+ THE BLUE CROSS

business & city

Business news desk: tel 0171-293 2636 fax 0171-293 2098
BUSINESS & CITY EDITOR: JEREMY WARNER

High street setback dampens fears of rate rise

Diane Coyle
Economics Editor

The prospect of a rise in interest rates before the general election has almost vanished after official figures yesterday showed that the volume of retail sales fell sharply in December. The surprise setback on the high street sent shares soaring to a record last night.

The sales figures were the latest in a series of statistics providing Kenneth Clarke with the

ammunition to resist Bank of England advice that the cost of borrowing should go up.

"The Chancellor is home and dry provided we do not see the pound weaken," said Leo Doyle, UK economist at Kleinwort Benson.

The pound, whose strength gave Mr Clarke the rationale for not raising base rates earlier this month, climbed further yesterday. Its index against a range of currencies gained 0.3 to 97.2.

Sterling also gained more

than a pence to reach DM2.7142, within a few pences of the rate from which it tumbled out of the exchange rate mechanism in 1992.

The FTSE 100 index closed nearly 24 points higher at 4,219.1, having retreated slightly from earlier highs after Wall Street opened.

Although City economists still disagree about whether interest rates should go up, there was near-unanimity yesterday that any move would be post-

poned until after the election. Only an extremely buoyant figure for GDP growth in the final quarter of 1996, due to be published on Monday, could tip the balance the other way.

December's retail sales performance helped the case against tougher monetary policy. The volume of sales fell 0.9 per cent during the month, although the estimated increase in November was revised to 0.9 per cent from 0.7 per cent.

Of last month's decline, 0.6

per cent was due to a sharp fall in sales of clothing and footwear following sharp increases in the previous two months. Sales in this sector remained the fastest-growing in the year to December, up 7.5 per cent, and discounts in the January sales could lead to a rebound.

Sales in "other" stores – mainly specialist shops such as chemists and jewellers – also fell and here was a small decline in non-store retail sales – mainly mail order – whose growth has

been slowing for some months. There were increases in all other categories. These were strongest in department stores and supermarkets. The volume of sales at foodstores increased by 0.4 per cent in December and 2.6 per cent year-on-year.

Tim Congdon, one of the Treasury's panel of "wise persons", said that one month's worth of weak data did not mean the case for tighter monetary policy had evaporated. "I would not put much weight on

the figures around Christmas. The inflationary dangers remain," he said.

But others were more doubtful. "There is now enough of a question about the pace of growth for it not to matter waiting a month or two," said Michael Saunders, an economist at Salomon Brothers.

The next monthly meeting between the Chancellor and the Governor of the Bank of England will take place on 5 February.

Windfall tax 'may see price controls loosened'

Chris Godsmark
Business Correspondent

Professor Stephen Littlechild, the electricity regulator, signalled yesterday that he might be prepared to loosen price controls on power companies if they were hit by Labour's windfall tax on the privatised utilities.

He told MPs at a Commons Trade and Industry Select Committee hearing yesterday that he would not relax the price caps affecting different elements of the industry, but he could take the impact of the windfall tax into account when deciding the next set of price controls.

Recognising the intense pressure regulators are likely to face from their industries if Labour wins power, Professor Littlechild said: "When the time comes to review controls, companies will put forward a whole series of arguments and we have to see what we make of them. But that situation has not arisen yet."

Facing repeated probing from Conservative and Labour committee members, he went on: "I cannot say what the implications would be because I cannot say what the companies would put to me. They'd have to persuade me that they could no longer finance their licence activities." Later Professor Littlechild confirmed ministers could veto his decisions.

The current set of prices controls affecting the regional electricity companies' main distribution activities expire in 2000, while separate controls on their supply businesses, due to be opened to competition, will be renewed in 1998. The National Grid transmission network agreed a new price cap with the watchdog, Ofgem, which lasts from April until 2001.

The comments are one of the most explicit admissions yet by a regulator that the windfall tax, which the City believes could raise between £5bn and £10bn, could feed through to customer prices if the companies involved make a convincing case. Labour has consistently denied the tax would have any effect on consumers' bills, arguing that companies could absorb the cash demand by raising borrowing.

Professor Littlechild will also face equally fierce pressure from consumer groups after a Labour victory, seeking to head off any claims by the utilities that they cannot afford the tax.

Yvonne Constance, national chairman of the Electricity Consumers' Committees which advises Ofgem, warned: "We do not think customers should be paying windfall tax. If there is to be windfall tax it is intended to come from those who have made the windfall and that is the shareholders or new owners. We would watch most closely to make sure not a single charge is made against customers."

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Toyota lifts hopes of rise in UK output

Michael Harrison

The prospects of a further huge boost to the British car industry were strengthened yesterday after the Japanese motor giant Toyota said European output would double to about 350,000 cars early in the next decade.

The plan puts Toyota's Ellesmere Burnaston factory in Derbyshire in prime position to build a third model to compete in the small car sector of the market against the likes of the Nissan Micra.

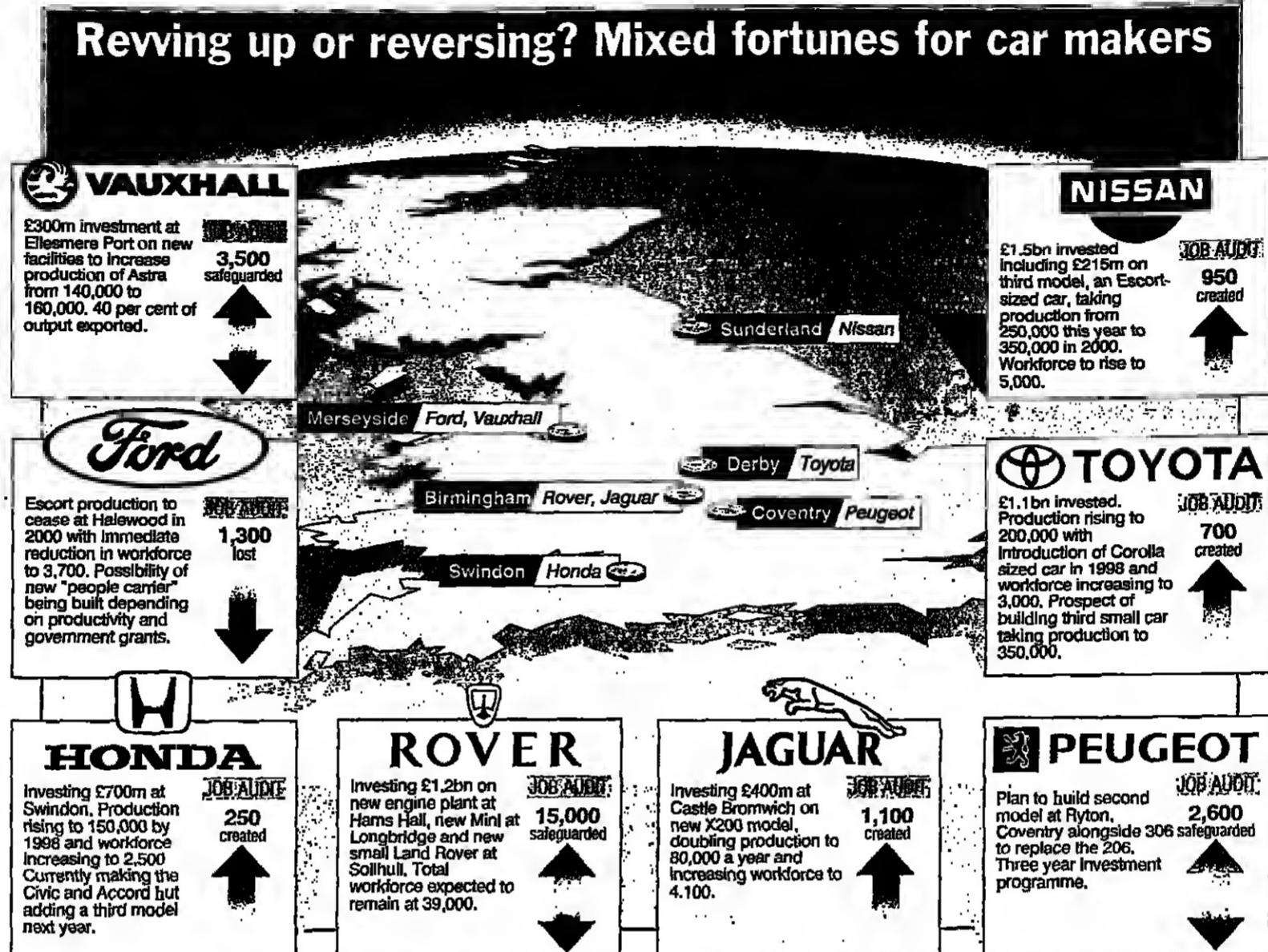
However, Toyota executives cautioned that the chances of the investment coming to Britain would be seriously jeopardised if Britain's increasingly Eurosceptic stand hampered its relationships with the rest of Europe.

Output from the Burnaston plant is due to increase from 117,000 this year to 200,000 a year from late 1998 when it starts production of a second Corolla-type model alongside the existing Carina E.

The increase in production will see the workforce rise from 2,300 now to 3,000. But Burnaston is selected for a third model it would mean at least another 700 jobs and further investment of £20m or more and come as a further vote of confidence in the British motor industry following Nissan's decision to build a third model in the North-east.

Alan Marsh, vice-chairman of Toyota Motor Europe, said: "We would like to develop the product range to include a Micra-sized car and ideally we would like to grow Burnaston but a company like Toyota never closes the door. We are always evaluating the European market and it is in our interests to look at other sites."

Comment, page 19



Call goes out for 2,000 in jobs scheme

Jill Treanor

Co-Operative Bank yesterday announced a plan to get the long-term unemployed back to work, the most novel scheme among a raft of new job creation plans by industries in the Northwest, South Wales, Northern Ireland and the Midlands.

Mr Marsh said: "In terms of our sales plan we have a shortage of capacity," said Tatsuo Takahashi, managing director of Toyota Motor Europe.

However, Britain's relationship with Brussels will be a key factor as the timing approaches for a decision on where to locate the new plant.

Mr Marsh said: "If the Eurosceptics win the day and drive us to a referendum on Europe and the public vote to stay out that would have very severe consequences for a manufacturing company like Toyota."

The Japanese car maker declined to become embroiled in the row over the support given by leading British business to key Labour policies.

The Co-Op's call centre on

the edge of the M6 in Southport opened last year and of the staff hired at the time some 30 per cent were previously unemployed. The bank will work with Stockport Borough Council and Stockport and High Peak Training and Enterprise Council (TEC).

"Earlier this week the Commission on Public Policy and British Business stressed the importance of tackling unemployment because it is a drag on the competitiveness of Britain," said Terry Thomas, managing director of the Co-Op Bank.

This partnership with organisations from the local community has demonstrated that business can play a role in helping unemployed people by giving

a genuine opportunity to compete in the recruitment process," Mr Thomas added.

Meanwhile, Parcelforce is creating the largest chunk of the 2,000 jobs announced yesterday as a result of a £100m investment in a new distribution centre in Coventry.

This is the biggest single investment by Parcelforce and will create 700 jobs, although it could cause some to be axed from other centres in Peterborough and Birmingham over the next three years.

In Northern Ireland, Shorts, the aerospace company, expects to create up to 600 jobs on the back of a new aircraft contract. Bombardier, the Canadian owner of Shorts, said

it was investing more than £25m to build one of the largest meat processing plants in Europe on reclaimed land.

Shorts will carry out design work and produce fuselages for the aircraft, which is due to take to the air by the turn of the millennium.

Meanwhile, in Merthyr Tydfil, south Wales, almost 700 new jobs will become available as a result of a £25m investment in a motor parts factory.

Gillian Shephard, education and employment secretary, said: "We are reaping the rewards of a flexible labour market with no Social Chapter and no national minimum wage. Today's news is particularly welcome as it shows the benefits are being enjoyed across the country."

Actuaries get whistleblowing phone hotline

Peter Rodgers
Financial Editor

heinous crimes that are obviously breaches."

With more than 200,000 pension schemes to oversee and no powers to require annual reporting to the authority, "information and intelligence is the key", the spokesman said.

The Pensions Act 1995, a result of the Maxwell scandal, becomes law on 6 April and will protect actuaries and scheme auditors who wish to give information on confidential basis.

The Occupational Pensions Regulation Authority, which formally starts work in April, also made clear yesterday that it expected to be tipped off about a wide range of minor problems found in pension schemes.

Oprai does not want its informants to restrict themselves to suspicions of serious wrongdoing such as fraud or to communicate only through lawyers.

Oprai said this was so that it could use the information about minor problems to see if it could identify patterns of behaviour among pension schemes that had difficulty complying with the new pensions act.

A spokesman said: "We want only things reported to us are

Handicappeds' first step to society share bonanza

Nic Cicutti

A parliamentary bid to force de-mutualised societies to set aside funds for handicapped people who would otherwise be denied a share in this year's £1.5bn flotation received an unopposed first reading yesterday.

A private member's Bill by Douglas French, the Conservative MP, was backed after he told the House of Commons that it was wrong to stop hand-impeded people, who were second-named signatories on society accounts, receiving a share of the handouts.

Mr French estimates that

there may be about 100,000 members of those societies about to seek a stock market flotation. Including Halifax, Alliance & Leicester, Woolwich and Northern Rock, who would benefit from his measure, at a cost of about £10m to £15m.

"That might be a bit more difficult because there are other items of business on the agenda for that day. I am in the hands of others ahead of me on this," he added.

One wonders how it is possible that these same highly paid City institutions were not able to find a formula to allow such payments to handicapped society members."

Mr French's bid to obtain redress for certain types of society member comes as most societies have faced hundreds of thousands of calls from members who may be denied a share in the flotation.

Halifax Building Society yesterday said that staff working on its telephone hot line are handling up to 30,000 calls a day from members with questions about the flotation.

A Halifax spokeswoman said: "Most of the calls involve fairly straightforward questions from people who want to know how many shares they might be entitled to or when they have to

vote by, that sort of thing. We have said before, that with 8.5 million members it would be unlikely if we did not make mistakes. Just 0.5 per cent of mistakes would be enough to fill Wembley Arena."

Among those who are complaining about Halifax are Ian and Marjorie Strang, a couple who have been both borrowers and savers with the society for more than 10 years and hoped for a double handset worth at least £1,600.

However, Halifax deducted the couple's mortgage payments from Mrs Strang's account on 31 December, voting on the existing proposals.

Reducing her balance below the £100 needed to qualify for free shares, instead of the normal date of the first of each month.

Mr Strang, who lives in London, said: "I can't believe that they have done this and treated loyal members in this way. We are not rich and this would have been a nice little bonus. The society was never given authority to remove payments from our account on that day."

Gary Marsh, head of corporate affairs at the society, said last night that it would be wrong to comment on Mr French's bill while Halifax members were still voting on the existing proposals.

STOCK MARKETS						
FTSE 100		Dow Jones*		Nikkei		
4240	4219.10	+23.60	+0.8	4219.10	3832.30	3.69
4160	4157.00	+16.90	+0.4	4157.00	4015.30	3.39
4120	2092.50	+10.90	+0.5	2092.50	1815.50	3.63
4080	2285.56	+3.14	+0.1	2287.88	1954.06	2.98
New York *	8637.33	-46.57	-0.7	8633.90	5032.94	1.95
Tokyo	18013.88	+655.72	+3.8	22666.80	1793.65	0.89
Hong Kong	13692.79	-40.00	-0.3	13683.24	10204.87	3.05
Frankfurt	3028.87	+51.96	+1.7	3030.68	2253.36	1.52

* One hour later & graph at 1200 hours

Source: FT Information

Windfall tax 'may see price controls loosened'

COMMENT

'Of the 700,000 cars that Toyota and Nissan could conceivably be building here early in the next millennium, three-quarters will be shipped to the Continent'

Chris Godsmark
Business Correspondent

Professor Stephen Liddle, the electricity regulator, said yesterday that he was prepared to loosen price controls on power companies.

He told MPs at a Cross Trade and Industry Select Committee hearing yesterday he would not relax the price affecting different elements of the industry, but he could take into account what the market had decided.

Recognising the intense pressure utility regulators are under from their industry, Labour wins power. Professor Liddle said: "When it comes to reforming companies, we will put forward a whole series of arguments we have to see what we're doing. But that situation, I think, is changing."

Having repeated pressure from Conservative and Liberal Democrat members, he said, "I cannot say what the alternatives would be because I don't know what the competition would do. The decision to go for the market, I believe, is the right one."

It has emerged that key shareholders are unwilling to sell out for less than 135p, considerably above the 105p a share Gulf has so far tabled and well ahead of the current share price of 120.5p.

Ownership of Clyde is unusually concentrated with just four shareholders controlling more than 50 per cent of the company's shares.

Schroders, with 19 per cent, and PDMF, which has 14 per cent, are the biggest investors, with American institution Capital and Norwich Union holding another 17 per cent between them.

Persuading those four would secure victory, while Wittoning, the Prudential and CIN control another 11 per cent.

Including those holdings, the total stake of the seven largest

Our car industry looks different from Japan

The car in front is a Toyota, as they say grudgingly in Detroit these days. Ford's threadbare excuses for ending Escort production at Halewood were made to look even more work out yesterday after another Japanese car maker dropped heavy hints about expanding further in Britain.

The official Ford line is that it cannot justify building its new Escort in three places because there is already surplus capacity in the motor industry and this would only add to it.

The view from Toyota City on the outskirts of Nagoya is rather different. There, they will cheerfully tell you, the picture is one of chronic undercapacity in Europe. Their plan is to sell 600,000 cars in Europe by the turn of the century – a shade under 5 per cent of the market – and to achieve that while remaining good citizens means more than doubling local production in the next five years.

The message from Nissan, which has just taken the plunge and confirmed plans to build a third model at its Sunderland plant, is much the same. The second model that Toyota will introduce at its Burnaston plant next year and the third model Nissan intends to build in the North-east will compete head-on with the Escort. That rather gives the lie to the idea that this is a segment of the market consumers are heading away from in search of something more exotic.

The reality is that customers are backing away specifically from the latest Escort

which has struggled to live up to its predecessors despite some monumental marketing back-up.

That is hardly Halewood's fault because Escorts built in Sanfrancisco and Valencia are no more popular. Where Merseyside can be faulted is in developing a reputation for poor quality in the 1970s and 1980s that dished any hopes it had of ever becoming a major export business.

Of the 700,000 cars that Toyota and Nissan could quite conceivably be building here early in the next millennium, three-quarters will be shipped to the Continent. The only thing likely to spoil that happy picture is a disastrous launch in a Euroscopic direction. But if that happens, it will not just be jobs in Burnaston and Sunderland that are in jeopardy.

Football has its investment merits

The crisis at Millwall, the football club whose fans chant "No one likes us – we don't care" to opposing supporters, comes as no surprise to followers of these matters. Drifting along in a lower division with only average crowds and little television money to speak of is hardly the stuff of stock market excitement.

But while many of Millwall's problems are specific to the South London club, this week's developments may force a fresh

appraisal by starry-eyed entrepreneurs. Joe Lewis, of Christie's fame, joined the hand-wagon yesterday with a £40m investment in Glasgow Rangers and investors of the market's latest fashion sector. Up until now most have been playing a stock market version of fantasy football.

So just how good are these clubs – as businesses that is? The first thing to note is that the picture is mixed. Return on capital in some cases such as Manchester United and Tottenham can be very good – as high as 30 per cent. This is because money from television rights requires no real capital investment in the first place. Others such as Chelsea and Leeds have ratios of just 2 per cent.

Most City institutions are still very wary of investing directly in football clubs, tending to get involved only through tracker funds. They will be using the £150-£200m float of Newcastle United to reappraise their view. A small but committed minority, however, see them as classic "people businesses", such as advertising agencies and PR consultancies, and believe they should be valued on the same basis. Indeed football seems rather better at dealing with the tediums of its star players than a great many other people businesses, judging by the Nicola Horlick fiasco.

Football, then, does indeed have some investment merits. But stock selection is the name of the game. And don't count on pay per view being quite the goldmine for

investors that some are expecting. More than likely the fruits of this new source of income will end up with the players rather than the investors. That's the problem with people businesses. The people have an awful tendency to demand a very large slice of whatever cake is going.

Pressure is on to blow the whistle

Client confidentiality and sheer timidity are among the reasons why in the past whistleblowing has been a no-no for actuaries and accountants. But for well over a decade, the pressure has mounted on them to do more than agonise and resign the account when they suspect something is wrong. Why don't they actually pick up a phone and tell somebody, is the recurring question.

The strongest pressure has come in the banking industry, where Johnson Matthey, Bunkers, BCCI and now Burings have embroiled auditors in lengthy lawsuits about who missed what in the accounts, and bitter recriminations about why they did not say anything at the time.

It was the 1987 Banking Act, written to correct deficiencies in the legislation shown up by JMB, that brought the concept of legalised whistleblowing to the auditing profession. And it was the wave of legal actions against auditors over the past 10

years that concentrated their minds on the problem of what to do if fraud is suspected. Not that there has been any marked increase among auditors of whistleblowing. So far the profession's most decisive response to fraud has been the rapid development of plans to become limited companies or offshore limited partnerships, thus limiting their liability.

Now the actuarial profession is coming under renewed pressure to whistle blow too.

The Occupational Pensions Regulatory Authority is asking actuaries to report cases not be just serious abuse, but in the entire range of minor problems that actuaries and auditors discover within pension funds. It wants to use this information as a database that will in future allow it to identify the characteristics of problem funds.

Well, this is progress of sorts but it is a poor substitute for legislation. The 1995 Pension Act drew back from making all pension funds register and report to the authority on grounds of cost and complexity. Detailed regulation and reporting requirements were deemed impossible. The Act even omitted to make whistleblowing obligatory. So now we have this self-administered stat at the problem.

The trouble is that it is not in the cautious nature of actuaries and auditors to pick up the phone for every minor problem and tip off the authorities. This scheme might just work, but only if pension fund trustees make it their business to prod actuaries and auditors into constant communication with Opra.

Clyde not for sale under 135p, say key shareholders

Tom Stevenson
City Editor

Gulf Canada's £432m bid for Clyde Petroleum is set to fail unless the Canadian oil explorer increases its bid by almost a third to put value on its British target of more than £500m.

It has emerged that key shareholders are unwilling to sell out for less than 135p, considerably above the 105p a share Gulf has so far tabled and well ahead of the current share price of 120.5p.

Ownership of Clyde is unusually concentrated with just four shareholders controlling more than 50 per cent of the company's shares.

Schroders, with 19 per cent, and PDMF, which has 14 per cent, are the biggest investors, with American institution Capital and Norwich Union holding another 17 per cent between them.

Persuading those four would secure victory, while Wittoning, the Prudential and CIN control another 11 per cent.

Including those holdings, the total stake of the seven largest

shareholders is 62 per cent. Commenting on the bitter war of words that has erupted between the two companies, one Gulf shareholder questioned Glynn's decision to highlight Clyde's dependence on acquiring oil reserves rather than finding them with the drill bit.

Glynn says that oil business has become a sellers' market in which the owners of oil assets are not prepared to give away value. In those circumstances why should I do so?" he asked.

He said it was possible to arrive at a valuation of between 140p and 150p a share using either Gulf's favoured net asset value approach or the cash flow model championed by Clyde and he indicated he would be unwilling to sell out for less than that range.

Another significant investor, who also preferred not to be named, said he saw little point in accepting an offer at the current market price only to reinvest the proceeds in a similarly rated oil stock when he continued to value the track record of Clyde's management.

There is general agreement

IN BRIEF

Horlick admits to ABN talks

Jill Treanor
Banking Correspondent

Nicola Horlick, the "superwoman" fund manager who has resigned from Morgan Grenfell Asset Management, admitted for the first time yesterday that she had held preliminary talks this month with ABN Amro, a rival firm.

Previously she had said that allegations about her moving to a rival firm had been sparked by a lunch she attended late last year with a close friend at ABN Amro.

MGM is alleging that she breached her contract by attempting to solicit staff for a rival firm. She denies this and is considering whether to bring legal action against MGM for "constructive dismissal".

She said yesterday that talks with ABN Amro were of an "informal and preliminary nature" and that at no stage did she provide ABN Amro with confidential information.

The talks terminated several days before I was suspended," Mrs Horlick said. "My aim was always to keep the clients and the team together for the benefit of our clients."

Mrs Horlick, given her nickname for her ability to juggle a demanding social life and job, hit the headlines last week after her acrimonious departure.

The latter comment did little to quell rumours that she had been considering a management buy-out of MGM's pension funds business. Her spokesman said she had never made such a proposal and that her acknowledgement of "informal and preliminary" talks with ABN Amro did not alter her previous stance.

The European Commission has cleared Cadbury Schweppes to sell its 51 per cent stake in Amalgamated Beverages Great Britain to Coca-Cola Enterprises, which is controlled by Coca-Cola.

The European Commission opened an antitrust inquiry into Boeing's £13.9bn (£8.4bn) acquisition of McDonnell Douglas Corp amid concern the alliance would strangle competition, the EU's top competition official said. The purchase, announced last month, will make Boeing the world's biggest maker of military aircraft and bolster its leadership position in the civilian aircraft market well above its nearest rival, Europe's Airbus Industrie.



Sir Peter Bonfield: Cut charges at BT to comply with the annual price formula set by Ofcom

Telewest in £50m deal with Racal

Chris Godsmark

Telewest, the UK's largest cable company, yesterday pledged even tougher competition with British Telecom and BSkyB by announcing plans to invest £50m in developing a national fibre optic network in a deal with Racal.

The investment will link Telewest's regional cable franchises based around London, Bristol, the West Midlands, the North West, Tyneside and Scotland by 1998, allowing many phone calls and cable television services to be transmitted without using the existing fibre networks of BT and Mercury.

Racal, the defence electronics group, is close to signing contracts to lease capacity on its BT fibre network which it bought from British Rail two years ago for £133m. Of the total investment it is thought about £10m could flow through to Racal in a deal expected to last for 15 years.

The agreement will be seen as further distancing Telewest from some of the other cable operators that are in the process of merging with Cable & Wireless' Mercury subsidiary in a £5bn deal. Telewest is thought to have previously discussed joining the merger with Dick Brown, C & W's chief executive.

Stephen Davidson, Telewest's acting chief executive, also promised to offer a digital television service to cable customers by the end of this year, the same timetable as BSkyB. He said he was close to agreeing contracts with companies to make set-top boxes to access programmes.

Telewest yesterday said its total residential customer base had grown by 34 per cent last year to 768,755. The strongest increase in demand was for telephone services, rising 46 per cent to 627,009 customers, compared with 528,142 television subscribers.

Mr Davidson also disclosed that a decision was due soon on whether to appoint him as permanent chief executive. A board meeting held last Tuesday again failed to resolve the appointment.

Bell Cablemedia phone ads incur wrath of BT

Chris Godsmark
Business Correspondent

British Telecom was last night heading for a legal clash with Bell Cablemedia over the cable operator's controversial new advertising campaign which attempts to lure potential customers with the theme: "Don't waste money – switch to cable".

The promotion, launched this week, includes posters in the East End of the capital reinforcing the price message with the slogan "The British Telecom".

The phrase has incurred the wrath of BT's in-house lawyers, who are understood to have written to Bell Cablemedia warning that such claims are untrue, may be defamatory and could infringe laws on trademarks. A BT spokesman declined to say whether Bell would be served with a writ if the advertisements continued.

"BT reserves its position on

this issue until we've examined these ads further," he said.

Bell Cablemedia refused to discuss details of the campaign or confirm the advertising slogan had been used on poster sites.

The dispute is the latest fallout from increasingly tough price competition in the industry.

Cable operators are seeking to maintain their price advantage despite BT's aggressive cuts in charges to comply with the annual price formula set by the regulator, Ofcom.

The phrase has incurred the wrath of BT's in-house lawyers, who are understood to have written to Bell Cablemedia warning that such claims are untrue, may be defamatory and could infringe laws on trademarks. A BT spokesman declined to say whether Bell would be served with a writ if the advertisements continued.

A BT spokesman said: "Failure to get the injunction showed how difficult it is to take action against someone even where there is an overwhelming case."

However, a spokesman for AT&T insisted the promotional literature had not been changed: "The reason BT has dropped the case is that after losing the injunction it was clear there was no case for us to answer. We are still using all the claims in our advertising that BT had objected to."

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business

Stakis bet and breakfast good value

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Stakis's shares had failed to benefit from the improving outlook for both of its main divisions, hotels and casinos, and had been dull since the recent takeover of Louro's Metropole hotels and the £200m rights issue to fund the deal. Yesterday's first-quarter trading statement was therefore seized on as a further opportunity for the market to continue the catch-up of the last few weeks. The shares closed 4p higher at 105.5p, usefully ahead of the 5p low reached in November.

The market chose to focus on an apparent turnaround at the troubled casinos division, where attendances in the three months to December jumped from 525,000 to 603,000, even if those punters were concentrating more on the machines than the tables and so spending less. Stakis's win percentage is also low by industry standards and winning customers back after the ill-conceived imposition of members' 'tip charges' a couple of years ago has not been achieved with a higher cost base.

Still, the outlook for the gaming arm remains good in the long run. Deregulation, when it comes, will lift the number of amusement machines allowed in casinos, reduce membership restrictions and send the business down the more populist Las Vegas route, where 90 per cent of revenues come through machines, generating much more predictable earnings streams.

In hotels, stripping out the closure during the period of the Stakis Tyneside's 147 rooms meant occupancy was stable at just over 72 per cent and the room rate pushed up nicely from £45.50 to £50.10. The Metropole hotels were only in for six weeks so the jury remains out on whether Stakis overpaid for them. Certainly the potential for improvement is there, with occupancy outside London a meagre 55 per cent, but a price tag of £27m for operating profits of £2.7m means the pressure is on Stakis to wring out cost savings and boost guest numbers.

These caveats aside, the long-term outlook for Stakis remains strong. Deregulation should transform casinos into a mainstream, highly profitable and cash-generative leisure activity. In hotels, there looks to be plenty still to go for in the current trading cycle, with demand set to carry on growing and little new capacity to cope with those extra numbers. Demographic changes make the weekend leisure business an increasingly attractive opportunity.

On the basis of pre-tax profits to next September of about £59m, the shares trade on a prospective price earnings ratio of 15. That is not much more than a market rating, which compares with the much higher multiples given to

other companies. There is great scope in this business for small increases in achieved yield per room to translate into bigger increases in profits. With the outlook set fair for the rest of this year, the shares are good value.

Watson & Philip serves up a treat

Shares in Watson & Philip, the Dundee-based convenience store to food distribution group, seem to have been somewhat unfairly treated since a mild profit warning in October. Down from 466p, they recovered a chunky 50p to 392.5p yesterday on figures in line with the bottom end of previous market expectations.

If October's hiccup had never happened, news of an 11 per cent rise in pre-tax profits to £20.1m on sales 16 per cent ahead at £577m for the year to 27 October would surely have been well received. They would also have made for a smoother transition for the new chief executive, Colin Glass, who was appointed from Dixons in the autumn.

More exciting perhaps is food service, supplying food for restaurants, ho-

tels and the like, which jacked up profits 19 per cent to £4.03m on like-for-like sales up by a fifth for the third year running. Third biggest with a 4 per cent share of the market, W&P Foodservice should have plenty of room to grow as customers demand a more comprehensive national service.

Group profits of £24m this year, for a prospective multiple of 10, make the shares look good value.

JD Sports has impressive form

John David Sports may have been priced at the top end of expectations when it came to the market in October, but the sports retailer has more than justified the rating. Priced at 285p, the shares shot to a high of 346p within two months and have only recently come off their peak.

The driver of this success and of others such as JJB Sports and Blacks Leisure has been the spectacular growth of the branded sports goods market. Here in the fashion-conscious world of the younger generation, brands such as Nike, Reebok and Fila are the "must have" accessories.

JD Sports continued the impressive form with its maiden set of results yesterday. Pre-tax profits in the six months to 30 September were in line with expectations at £4.35m. This was after an exceptional charge of £650,000 incurred as a result of the Manchester bomb which damaged four of JD's stores.

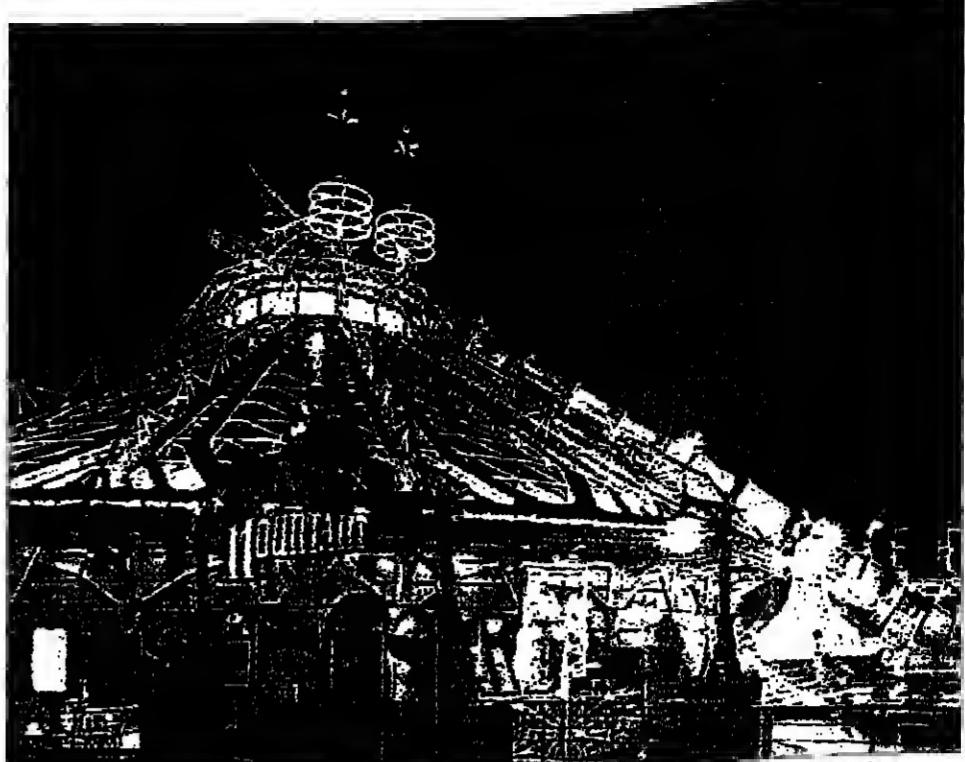
Like-for-like sales growth was strong in the half at 19 per cent. However, current trading has eased back to growth of 9 per cent in the 13 weeks to 31 December. Footwear went off the boil but was more than made up for by a good performance from clothing.

The rapid roll-out of the chain continues with 16 new stores opened in the first half and a further 13 opened since. One surprise was the shift to opening some stores out of town.

The master surprise came earlier this week when the OFT said it planned to investigate sports equipment suppliers which prevented retailers from discounting their products.

Though this could destabilise the sector, JJB has already said it does not expect to be affected by the investigation. JD Sports says that only a small proportion of its sales are of sports equipment so the impact should be even less. Even so, the shares shaded another 3.5p lower to 321.5p.

On MeesPierson's full-year forecast of 99m, JD Sports shares trade on a forward rating of 24 – high enough.



A mountain to climb: troubled Euro Disney admits it still faces an uphill struggle

Euro Disney sales show record rise

Magnus Grimond

Euro Disney, operator of the Disneyland Paris theme park, has shrugged aside French economic weakness and the Channel Tunnel fire to record a 12 per cent rise in first-quarter sales.

The news was well received by analysts and the shares rose 1.5p to 117.5p yesterday despite a reiteration by the company of November's warning that the current year would be difficult.

Philippe Bourguignon, chairman, described the sales increase from Fr1.01bn (£110m) to Fr1.13bn in the three months to December as "a satisfying performance, demonstrating our ability to better exploit the potential of our low season".

But be warned, 1997 remained a challenging year with no price increases and higher financial charges.

The decision to peg entry charges for the current year at last year's level may have a "temporary detrimental impact on margins", the company said, but was aimed at further consolidating and strengthening the position of Disneyland Paris. In April 1995, the theme

park slashed entry prices by up to 22 per cent and was rewarded last year with a 9 per cent rise in visitors to a record 11.7 million, a trend that has continued into the first quarter.

The other problem facing the company this year is the gradual unwinding of a Fr1.3bn restructuring agreement which accompanied a Fr10m rights issue by Prince Al-Waleed Bin Talal, the Saudi prince, in 1994. The ending of the standstill agreement with the group's banks has already seen lease and finance charges increase by Fr100m last year and the burden is set to grow by a further Fr200m or so in the current year, the company said. A further Fr100m will be added in the 1997-98 financial year.

Euro Disney said operating revenues for the park and associated hotels rose 11.4 per cent to Fr1.12bn in the quarter. The growth was driven by higher attendances and a bigger individual spend in the park and an increase in occupancy rates in the hotels.

Nigel Reed, an analyst at brokers Paribas Capital Markets, said: "Such figures are encouraging. They are up by a bigger percentage increase than I was expecting for this time of year. But the first quarter is a seasonal low period, so any change has a big percentage effect."

He questioned, however, how much Euro Disney had had to spend to achieve these sales increases and suggested that the resulting Fr50m boost to net profits would be wiped out by the higher finance charges this year, assuming no other changes in costs.

Even so, he said he was now more likely to edge up his current estimate of Fr100m net profits for the group for this year. In November, Euro Disney reported a 77 per cent rise in net profits to Fr202m.

"On the face of it, this is encouraging news, but not enough to make the shares attractive."

Earnings would still be just Fr0.1 or Fr0.2 a share, he said.

"They have got to run to stand still and to stand still is not enough to support the current share price. They are still overvalued and I would be a seller."

The shares peaked at nearly 763p in March 1992.

Insurers fail to impress City

Magnus Grimond

Investors reacted unfavourably to new premium business results for 1996 announced yesterday by General Accident and Commercial Union, two of the UK's largest composite insurers. Shares in General Accident slipped 18p to 801p, while CU was down 13p at 702.5p.

The slump came despite a 40 per cent rise in annualised new premium income to £184m for last year unveiled by GA, which said pension sales had doubled and all areas had improved. Annualised sales are calculated by adding all new annual premiums and 10 per cent of single, one-off premiums.

Annual premium income soared by 101 per cent to £34.5m, while single premium income was up 12 per cent at £996m.

Meanwhile, Commercial Union revealed that annual premium income from its new 1996 life, investment and pensions business jumped 22 per cent as contributions from the planned flotation of Principal Hotels after a glut of hotel deals in 1996.

£2.36bn. Total new premium income was 25 per cent higher at £2.89bn.

The figures are part of an improving trend for the UK insurance industry, which has been reporting better new premium income for last year on the back of growing consumer confidence and the reducing impact of regulatory and training requirements introduced in the last few years.

According to Peter Hale, assistant general manager of General Accident Life: "New business growth is well in line with our long-term growth strategy and has been achieved profitably across all business areas.

But analysts at Kleinwort Benson told clients to sell GA shares, moving them down from a hold recommendation, citing the strong price rise over recent weeks and the outlook for the industry.

HSBC James Capel said it was advising institutions running active funds to sell the stock because the shares were trading at 114 per cent of net asset value. It was giving similar advice on Commercial Union, now trading at 121 per cent of net asset value.

Lazards tops cross-border deals

Peter Rodgers
Financial Editor

Lazards topped the league table for cross-border bids and deals in Europe last year, but half of the top 10 were US banks, according to annual figures published yesterday.

The drive by US banks has been at the expense of UK banks and Integrated European banks. Last year's total of Americans in the top 10 comes with four years before.

Some US investment banks, such as Goldman Sachs and Morgan Stanley, have spent the last decade building up their cross-border advisory work in Europe, partly to get round the dominance of local advisers in domestic deals

within European countries. The league table confirms the success of this strategy.

The US banks have "effectively" strangled on European cross-border mergers and acquisitions advisory work," said Philip Healey, editor of *Acquisitions Monthly*, which produced the data.

Lazards came top as a result of advising – jointly with the US bank JP Morgan – Carnaud-Metalbox of France during a £3.3bn takeover bid from Crown Cork & Seal of the US.

However, a spokeswoman for Credit Suisse said CSFB was now Swiss owned and Swiss registered and should be counted as a European bank.

UK banks had a poor year in Europe, with only Rothschild making it into the top 10, at number nine. Schroders was

11th, a fall from fourth the year before, slipped to third with more than £10bn.

SBC Warburg, the Swiss owned group based in London, fell from second to seventh place while Deutsche Morgan Grenfell was 16th, after eighth in 1995.

Société Générale was the highest placed French bank at 10th, whereas the highest in 1995 was Banque Indosuez at 20th.

Acquisitions Monthly said towards the end of 1995 Merrill Lynch paid attractive salaries to lure experienced staff from Wall Street rivals and from Deutsche Morgan Grenfell.

"The league table seems positive proof that digging deep into one's pocket to hire the right people can have an almost immediate effect."

* 1995 full-year rating
The above table includes only those advisers acting on two or more transactions
Source: *Acquisitions Monthly*

Company Results				
	Turnover £	Pre-tax £	EPS	Dividend
JD Sports (I)	42.99m (26.29m)	4.25m (3.6m)	6.75p (5.47p)	10p
Lonsdale Holdings (I)	363.000 (315.000)	-403.000 (-178.000)	7.5p (5.15p)	10p
Munitions Abbey (I)	10.33m (5.13m)	159.000 (36.000)	0.56p (0.14p)	0.5p
Seville Gordon (I)	16.93m (15.92m)	2.65m (2.84m)	1.70p (1.28p)	1.10p (1.01p)
Scottish Highland (F)	16.60m (15.74m)	2.13m (2.29m)	10.30p (8.38p)	0.5p
Sham Group (F)	33.82m (25.60m)	3.13m (2.90m)	14.30p (13.50p)	7.17p
Watson & Philip (F)	57.80m (57.52m)	18.78m (18.47m)	33.49p (33.10p)	17.6p (16.5p)
(F) - Final (I) - Interim (P) - Nine months				

Scottish Highland Hotels profits fling

Tom Stevenson
City Editor

shares, which were placed at 125p, closed 2.5p higher yesterday at 125.5p.

Hamish Grossart, chairman, said: "Following the successful listing of the company's shares, we are delighted to be announcing such a strong set of results. The current year has started well."

Scottish Highland's bumper profits followed a rise in the Glasgow-based company's occupancy rate from 73.4 to 75.5 per cent during the year and a jump in the room rate charged from £47.78 to £49.83.

Pro forma earnings per share rose 24 per cent to 10.3p and a dividend of 0.5p was

announced, although the company said it would have paid 3p had the shares been listed for a full year.

The successful flotation of Scottish Highland followed hot on the heels of the withdrawal of the planned flotation of Principal Hotels after a glut of hotel deals in 1996.

FT 500. Friday, January 24

Tomorrow the Financial Times will publish FT 500, our annual review of the world's top companies. This 48-page survey will rank by market capitalisation the top 500 companies in the UK, Europe, US, Japan and the world. You will find listings on the leading companies in Asia Pacific, Africa, Latin America, Canada, the Middle East and Eastern Europe. It will also include detailed comment and analysis from FT journalists world-wide. So, you'll be able to see at a glance who has gone up, who's gone down and who is in danger of relegation.

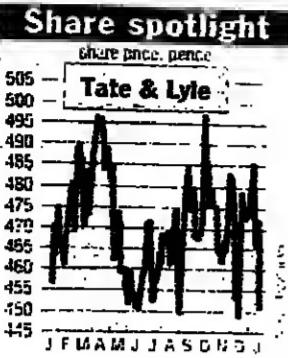
No FT, no comment.

مكتبة الأهل

الى اجل

market report / shares

Data Bank	
FTSE 100	4219.1 +23.6
FTSE 250	4587.0 +16.9
FTSE 350	2029.5 +10.9
SEAQ VOLUME	1.01bn shares, 47,426 bargains
Gilts Index	95.35 +0.60



Profit downgradings leave sour taste at Tate & Lyle



MARKET REPORT

DEREK PAIN

stock market reporter of the year

The bitter taste of profit downgradings unsettled Tate & Lyle. Rumours filtered into the stock market that the sugar group faced a profits shortfall following an unexpected fall in prices of high fructose corn syrup, a key ingredient in foods and soft drinks.

The decline has occurred at a particularly unfortunate time for Tate as it is thought to be negotiating supply contracts with leading US soft drink groups. NatWest Securities is believed to have cut its profit forecast by about £30m to £270m which would mean little-changed profits this year. Kleinwort Benson also turned negative. The shares, midging 50p last year, fell 15p to 45p, the worst performance by any blue chip.

The Tate & Lyle slide was in sharp contrast to the rest of the stock market which was back in record-breaking form, ignoring for once, weakness in New York. Footsie rose 23.6 points to 4,219.1 and the supporting FTSE 250 index gained 16.9 to 4,587. Trading was again heavy with volume tripling 1 billion shares.

There is a growing conviction that interest rates could remain unchanged until after the election. Confirmation that Christmas trading was far from robust merely strengthened the no-change stance.

New York, sharply lower during London opening, failed to have much impact. The fall, coming on top of another overnight peak, largely reflected the big sell-off in IBM as analysts scrambled to downgrade forecasts following disappointing results.

Vodafone, engaged in investment presentations, continued to dial the right numbers, gaining 15.5p to 270.5p. Orange added 8.5p to 20p.

Waters, paying little attention to Tim Blair's threat-

ed windfall tax, moved with the tide as UBS suggested they were 15 per cent underpriced. Thames Water surged 30p to a 655p peak, up more than 100p since November, and United Utilities rose 15.5p to 67.5p.

Other utilities were also different to Labour's rhetoric. National Power plugged in a 17.5p gain to 510p and PowerGen 25p to 640p.

Zeneca was given another whirl on Roche takeover rumours, up 30p to 1,672.5p. SmithKline Beecham had the distinction of being dragged into the speculation, 22.5p higher to 843.5p.

Insurances, however, had a

subdued session. NatWest decided the time was ripe to take profits, taking a particularly bearish stance on Legal & General off 4.5p to 282.5p, following new business figures. Goldman Sachs said buy Commercial Union, a suggestion which left the shares, after disappointing business figures, 13p off to 702.5p.

Hanson remained firm, 17.5p higher at 93.5p, as its energy demerger neared and Ascot Holdings, up 4p to 246p.

Banks had another resolute session with Royal Bank of Scotland celebrating its Internet scoop with a 6.5p gain to 385p. Fund managers attract-

ed attention following stories that Dresdner, the German bank owning Kleinwort Benson, was looking to buy a fund management company. Henderson Administration gained 32.5p to 1,277.5p and Mercury Asset Management 21p to 1,276p.

Jacques Vert lost some of

Tuesday's exuberance follow-

ing the Littlewoods link, falling

8p to 45.5p, but Verity, ahead

of expected bullish comment

from its new sound system, rose

4p to 33.5p.

Pan Aeronautics, the explorer,

gained 3p to 62.5p on seem-

ingly incorrect rumours a

drilling statement was being

prepared. The company, which

is still examining data collected

from last year's dry well, is

preparing its interim an-

nouncement, which could be

encouraging.

Kenmare Resources, which

has found a rich gold seam at

Niassa in Mozambique, firmed

up 4p to 1.40.

Adrian Day, chief executive

of Kenmare, said:

"We are very encouraged by

the results so far."

Monument Oil & Gas

jumped 8p to 80.75p. The

shares, which normally

change a copper at a time,

were encouraged by a move

into little-known Tur-

kmenistan. With Mobil, the US

giant, it will help develop the

country's flagging oil indus-

try. There are suggestions of

huge oil stocks in Tur-

kmenistan, with some talking of

6 billion barrels. One ana-

lyst calculated that if the re-

serves were 1 billion barrels

it would be worth 35p a share

to Monument.

Wickes, the struggling do-it-

yourself group, perked up a lit-

tle as some took the view the

rights issue, due to close soon,

was attracting a good take-up.

The ordinary shares put on 5p

to 166.5p and the nil paid

rights 5p to 165.5p. Schroders

acquired 4 million shares, lift-

ing its stake to 16.47 per cent.

Critchley, an electronic com-

ponent group, slumped 112.5p

to 79.5p on the suspicion its

margins were under pressure

from the strength of sterling.

Thomas Jourdan, the Cor-

poration's mini-con-

glomerate, jumped 7.5p to

16p. David Abel, who sold

Suter to Ascot Holdings, has

bought 2.8 per cent; investors connected with Mr Abel have

a further 1.7 per cent. The for-

mer Suter chief has denied he

is a bid for Jourdan.

Fishers International, firm

of 14p, is attracting atten-

tion. The loss adjuster and claims

manager is believed to be

trading well and should pro-

duce profits of £1.7m last

year with stockbroker Collins

Stewart looking for £2.5m

this. In relation to other fi-

nancial groups the shares are

not expensive.

Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items.

Other details: Ex rights x Ex dividend a Ex all Unlisted Securities Market & Suspended pp Party Paid pm Nt Paid Shares x AM Stock

Source: FT Information

The Independent Index

The index allows you to access real-time share prices by phone from London Stock Exchange. Simply dial 0891 223 335 and when prompted to do so enter the 4-digit code followed by one of the two digit codes below.

FTSE 100 - Real-time UK Stock Market Report 01 Starling Rate 04 Private Issues 36
UK Company News 02 Vastel Report 05 Water Shares 39
Foreign Exchange 03 Tokyo Market 21 High Street Banks 41

Anyone with a tone-dial telephone can use the service. For a detailed description of The Independent Index, including its portfolio facility, phone 0891 223 333. For assistance, call our helpline 071 873 4378 9am-5pm.

Market leaders: Top 20 volumes

Stock	Volume	Stock	Vol 1000	Stock	Vol 1000
Nissan	3000000	ASDA Group	1000000	Ladbroke	900000
Shell Gp	2500000	Brown	800000	Kingspan	800000
British Telecom	2000000	Genaidy	800000	Thames	700000
Globe	1500000	Goldman	600000	Luxfer	700000
BT	1300000	National Grid	1600000	Crangs	700000
BTG	1000000	Code V	1600000	Rivers	700000

FTSE 100 Index hour by hour

Open 4214.5 up 100 11.00 4223.6 up 281 15.00 4204.3 up 88

09.00 4215.7 up 202 12.00 4223.2 up 277 16.00 4217.8 up 223

10.00 4227.1 up 316 13.00 4224.7 up 232 Close 4213.0 up 236

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Public spending reform could make Labour radical in power

The aspect of the shadow Chancellor Gordon Brown's speech earlier this week that got the least attention in the headlines could turn out to be the most important and distinctive contribution of New Labour to the management of the economy - namely its ambitious plans to restructure public spending.

Tax pledges make the best tinder to feed the fires of the election campaign, so Mr Brown's promises not to increase the basic or top rate of income tax and not to extend the VAT base - and whether these pledges meant taxes would have to rise in other ways - were the natural focus of interest in his speech. But Labour's tax policy is dictated by two things: the unsatisfactory state of the public finances, and the fact that the Conservatives have successfully turned income tax rates into a political totem. Between the too-high government borrowing requirement and the painful memories of the "tax bombshell" in the last election campaign, there is not much room for manoeuvre on taxation.

On the other band, there were signs of strategic rather than tactical thinking in Mr Brown's comments on public spending. He committed a Labour government to the existing departmental spending plans in the current financial year and to the existing grand total in 1998/99. At one level this was simply another signal that Labour has definitely abandoned its foolish old idea that the answer to every problem is for the government to spend more money on it. And at this level some of the party's supporters were miffed - what is the point of a Labour government if it is not going to spend more on things that matter?

This reaction is understandable. To many people on the left of the political spectrum it seems obvious that Britain is suffering from what the eminent economist John Kenneth

Galbraith diagnosed as private affluence and public squalour. Public services are straining at the seams because of a shortage of cash. This is especially obvious in areas such as education, for any parent of children in the state sector knows at first hand about crumbling buildings, shortages of books and the brain drain of good teachers because of inadequate pay.

The trouble is that other demands on the public purse have siphoned off resources. The biggest of these has been welfare - the growth of the pension and social security budget. As the chart shows, the welfare share of total public spending has climbed steadily. For government expenditure to have grown as we would have liked on health and education too, tax revenues would have had to increase by far more than they have. As it is, even with the squeeze on frontline services, excessive government borrowing has doubled the national debt, made debt interest payments the fourth biggest item of expenditure and left macroeconomic management at the mercy of financial market reactions.

Addressing public spending is therefore an imperative for whoever wins the election. Now, this all sounds very much like the Conservatives' message, but the present Government's approach to expenditure cuts has been to tell every department to stave a certain proportion off its budget. Exceptions have depended on short-run political pressures. As Pam Meadows, director of the

Policy Studies Institute, argued in a recent paper, no householder or business would try to cut costs across the board like that. Rather, they would axe certain areas of spending altogether - cut out holidays, say, or pull out of one particular unprofitable market.

Mr Brown signalled this week that Labour will try this approach in the public sector. It will try to switch money from low- to high-priority

areas. A "Comprehensive Spending Review" would start immediately after the election to implement a switch of resources away from welfare and towards education. "Central to Labour's medium-term approach to public spending must be a radical reform of the welfare state," the shadow Chancellor announced.

The traditional annual spending round will not take place this year if Labour does win the election. Instead, Mr Brown said, the Cabinet's public expenditure committee, known as EDX, and senior Treasury officials would work on the strategic review which it would start to implement the following year.

There is plentiful academic support for a radical review of priorities. According to Pam Meadows: "The principle is a sound one. Where I'm sceptical is whether you can do it sufficiently quickly to do everything else you want as well."

The Institute for Fiscal Studies also backs the idea in principle. In its Green Budget with investment bank Goldman Sachs last October, it noted that control of public spending had seen social security grow at the expense of health and education.

As "superior" goods, demand for health and education services will grow faster the more prosperous we become. The IFS concluded that the only alternative to radical reform was the creeping privatisation of health and education, with people spending their own money to top up increasingly inadequate state provision.



Diane Coyle
Perhaps they will succeed where

Mrs Thatcher failed, given that the alternative - more public squalor and more private provision of key services - is so unappealing

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The International Monetary Fund has been weighing into the debate about the future role of government with a series of working papers. One of the most recent assesses the radical public sector reforms in New Zealand. These have included the introduction of commercial-style accounts into the public sector. New Zealand has replaced numerical fiscal targets with a set of five principles of sound finance (see box). A key institutional element of the reforms has been the creation of a cabinet committee which makes the trade-offs between competing priorities.

According to the IMF, this experiment has been a resounding success. The deficit and debt have fallen. Departments have greater freedom to manage, and attention has switched from what government spends to what it gets for the money.

Mr Brown gave the Labour Party's plan a left-wing gloss in his speech, citing Aneurin Bevan's observation that "the religion of socialism is the language of priorities". But his underlying message about the need to go back to the drawing board on public expenditure is one that probably commands wider agreement, from academic experts and even Conservatives.

The difficulty, of course, is that to get there, you wouldn't want to start from here. No economist really believes the current spending plans are realistic, and any government is likely to overshoot them. Going beyond meeting tough plans to restructure spending will then involve slashing and axing entire social security spending programmes. Perhaps New Labour will succeed where Mrs Thatcher failed, given that the alternative - more public squalor and more private provision of key services - is so unappealing. If it does, a Labour government will be far more radical than its fiscal orthodoxy suggests.

The Big Three

Source: Office for National Statistics

Year	Social security, health and education	The rest
1978	55%	45%
1979	56%	44%
1980	57%	43%
1981	58%	42%
1982	59%	41%
1983	60%	40%
1984	61%	39%
1985	62%	38%
1986	63%	37%
1987	64%	36%
1988	65%	35%
1989	66%	34%
1990	67%	33%
1991	68%	32%
1992	69%	31%
1993	70%	30%
1994	71%	29%
1995	72%	28%

Yield on cash savings

Halifax goes to ground to replace felled trees

PEOPLE & BUSINESS



Timber: 30,000 trees were cut down for the mallshot

Halifax Building Society is so embarrassed about the 30,000 odd trees that had to be cut down to provide the paper for its record-breaking conversion mailshot that it is paying for 30,000 saplings to be planted in the UK.

The Halifax Woodland Initiatives kicks off today and involves members of two UK environmental charities, the British Trust for Conservation Volunteers (BTCV) and Groundwork.

The Halifax mailshot is Royal Mail's largest single job and will use more than 32 million items in 8 million envelopes, requiring 329,000 mailbags and more than 70,000 staff.

Green Fellwell, Halifax deputy chief executive, says: "I am acutely aware of the amount of paper that will be used during the conversion process and that is why I am thrilled to be involved in the first of a series of Halifax woodland initiatives."

Allied Domexco is helping to get the Vietnamese wine industry back on its feet and has just sold 3,000 cases of the first wine made in the country since the French colonial days.

The British company was granted a licence for a joint venture with a winery in Ninh Thuan province two years ago and brought in British and Australian wine experts to advise on making the new plonk.

The province is at the heart of the country's grape-growing area, which already produces around 35,000 tons of grapes a year. A London-based spokesman for Allied Domexco says they have used the Cardinal grape to produce three new wines, all light and semi-sweet and designed to appeal to the Vietnamese palate.

"The first is a sparkling white, the second a white fruity still wine, rather like Chablis, and the third is a red, which tastes a bit like Beaujolais Nouveau," says the spokesman.

Sadly, he does not think the wines will be available in the UK and does not know what the wines are called. If they ever do market the stuff over here, one of my colleagues has suggested a possible name: Ho Chi Vin.

John Magill, the partner from accountants Deloitte & Touche who has been investigating the "homes for votes" scandal at Dame Shirley Porter's Westminster City Council, has been promoted.

Deloitte has made him head of its forensic department. For those of you fortunate enough not to have come into contact with such a thing, forensic accountants are used by audit firms to burrow into companies where naughtiness has been discovered. They are widely used to investigate company crashes and corporate fraud and their evidence is often used in court.

Mr Magill will continue his work at Westminster, where he was appointed Auditor to the Council in order to investigate the sale of three cemeteries for 15p and allegations of gerrymandering.

The Westminster probe, it looks at the moment, will run and run.

Sheila Masters, a partner with KPMG who makes Nico-

la Horlick look shy and retiring, is determined to win the election for vice-president of the Institute of Chartered Accountants this year.

La Masters, who is also a member of the Court of the Bank of England, has tried and failed to be elected to this post a number of times before. She is often described by colleagues as "the woman who runs the country" because of her many high-powered roles.

The only obstacle she faces this year is fellow candidate Graham Ward, the affable, rugby-playing former boxing blue and partner of Price Waterhouse. Mr Ward has also racked up an impressive number of titles, including head of the London Society of Chartered Accountants. In his manifesto Mr Ward sums his philosophy up with the slogan "Team", or "Together Every Chartered Accountant Achieves More".

Votes from the 59 council members of the ICA have to be cast by 3 February, with the result announced two days later. Personally I'm backing Ms Masters, if only to pep up what is otherwise a notorious dull organisation.

An ICA insider tells me: "The boys are absolutely terrified of her."

John Willcock

Traditional route Richard

Collier back on the race

Foreign Exchange Rates

Country	Sterling	Spot	1 month	3 months	Dollar	Spot	1 month	3 months	D-Mark	Spot
US	16538	12.10	12.29	12.39	1000	75.70	75.71	75.72	0.6095	0.6095
Canada	22126	54.49	54.66	54.76	13379	24.23	24.23	24.23	0.8054	0.8054
Australia	12721	1.02	1.02	1.02	1000	1.02	1.02	1.02	0.7025	0.7025
Germany	19307	1.25	1.25	1.25	1000	1.25	1.25	1.25	0.6523	0.6523
France	19150	1.25	1.25	1.25	1000	1.25	1.25	1.25	0.6523	0.6523
Italy	16620	95.91	95.91	95.91	1000	261.27	261.27	261.27	0.5924	0.5924
Japan	16528	12.10	12.10	12.10	1000	14.47	14.47	14.47	0.7248	0.7248
UK	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
Ireland	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
Spain	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
Netherlands	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
Belgium	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
Denmark	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
Netherlands	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
Portugal	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
Greece	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
Australia	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
Malta	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
Singapore	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
South Africa	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
Malta	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
Singapore	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
Malta	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248
Singapore	16522	12.10	12.10	12.10	1000	12.10	12.10	12.10	0.7248	0.7248

es to ground
felled trees
OPLE & BUSINESS

Traditional route for Richards

Racing

RICHARD EDMONDSON

It was the habit of Henry Howard, one of the more complicated members of the great Catholic family that formerly lived at Grayshill Castle, to hunt his pack of hounds from the Lake District down through the parks and estates of England to Gloucestershire. That particular journey has been less enjoyable for other inhabitants of the Cumbrian village recently.

Gordon Richards, for all his qualifications elsewhere, has never won a Cheltenham Gold Cup, and the best horse he has ever trained appears to encounter hidden vipers whenever he travels to Prestbury Park.

If one Man does not win the Pultar Chase at Cheltenham on Saturday, he will immediately forfeit the right to be considered among the great horses. On the flatlands of the Home Counties the grey is irresistible, but now he must show he can also cope with the undulations that will be repeated at the Festival. "If he can't win this he can't win Gold," was Richards's bold assessment yesterday.

Gordon Richards has been training for over 30 years now, but Saturday will activate the most significant nine days of his career. Addington Boy will run on the same card as One Man, while, the following weekend, Unguided Missile participates at Sandown in the Agfa Chase and The Grey Monk travels to Ireland for the Hennessy Gold Cup.

All four still have the Gold Cup in the cross hairs, and while thoughts of a domination close to Michael Dickinson's first five home of 1983 may be a mite misplaced, it would take a brave soldier to bet against the Blue Riband trophy ending up on the Greystoke mantlepiece.

Much earlier in his career, Richards had the outstanding Titus Oates and Playford in the same intake and some observers see this latest crop as evidence of how the waiting for busses effect operates in racing. Richards himself considers serendipity has played only a minor part and that it as much his skill as purchaser and nurturer that has produced the current battery.

"Old Pipe can run his horse because I'd like to see a bit of competition. But I wouldn't run if I was him because he won't win."

Collier back to work on the racecourse

Collier Bay returned to the racecourse for the first time since he lifted the Champion Hurdle crown last March when he worked on grass after racing at Lingfield yesterday.

Three days after missing the Irish Champion Hurdle with his No 1, Collier Bay's trainer, Jim Old, took advantage of the soft conditions to reunite his star with Graham Bradley for a spin around the Surrey track.

Tracking his stablemate Simpson from the start at a steady pace, Collier Bay moved alongside round the final bend and stretched clear over the final two furlongs to finish around 10 lengths in front.

Provided the ground is good or softer, the champion will make his seasonal debut in the Kincwell at Wincanton, but that falls too close to Cheltenham.

Bradley was delighted with the exercise. "I didn't want him to do too much in the ground which was very tacky, but that was just about perfect."

Aintree honours Red Rum

Red Rum, the Grand National's greatest hero, is to be honoured with a race run in his name on the day of the big race. The Martell Aintree Chase, won last year by Arctic Kissman, is to be renamed the Martell Red Rum Chase. Worth £40,000, it is the second race on this year's card and will be televised by the BBC.

Aintree's managing director, Charles Barnett, said: "Red Rum's achievements at Aintree

hidden mileage on the clock. He buys them young and has gathered owners around him who are wealthy enough and patient enough to endure a painstaking preparation for the racecourse.

In short, this is the archetypal turf tradition as practised by a man who does not have much time for fancy modern ways. Gordon probably thinks colour television is newfangled. "Up here we do it the proper way, the old-fashioned way," he said. "We don't rush them along because, you know, you cause damage when you take short cuts. They fall off the roundabout."

The elements have sculpted not the perfect geography for Richards in his acre of Cumbria just west of Penrith. The myriad bridle paths and trails of the Greystoke estate take care of

RICHARD EDMONDSON
NAP: Hay Dance (Wincanton 1.30), NB: Tidal Force (Huntingdon 1.20)

the walking and trotting requirements of Richards's horses, while another of his dictums is supported by a neck-tilting gallop which only the robust can conquer. "You have got to bring them along gradually and, just as importantly, make sure they're fit before they run," the trainer said.

Richards is 67 this year but he is not yet looking through the Bath chain catalogue. Retirement is a forbidden word in his house while there are horses such as One Man to supervise. The decades have not dulled his competitive edge either, and while he suspects the Cheltenham ground may be on the lively side on Saturday, he is much looking forward to a potential meeting with the Murphy's Gold Cup winner, Challenger Du Lac, and the champion trainer, Martin Pipe.

"The ground is good to firm which is not perfect because ideally it should be good for him [One Man]," Richards said. "If The Grey Monk had been in it I wouldn't have run him, and he won't run in the Gold Cup either if the ground is like that.

"Old Pipe can run his horse because I'd like to see a bit of competition. But I wouldn't run if I was him because he won't win."

John Wilk

He does not think he will be available in time for race-previews. The Institute of Chartered Accountants in England and Wales has not yet known what to do with its election for vice-president. The Institute of Cost Accountants of India has suggested a possibility.

The partner, Dennis Deloitte & Touche, has been investigating names for votes' and Shirley, Lancaster City, has been promoted to be made a member of the committee.

At the moment, the partners are not sure what to do with such a small committee, but the chairman of the committee, Mr John Wilk, has decided to leave the firm.

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sport

'Trainers can talk themselves stupid but in the end it comes down to what the fighter can achieve for himself'

The last time I saw Richie Giachetti he was holding forth about the advisability of being first in an outbreak of hostilities.

Giachetti spoke from experience. A scar slanting down from the inside corner of his left eye to just below his cheekbone is the result of being assaulted with a glass. "Swear to God, I didn't know the guy," I remember him saying. "He comes over, takes a glass and shoves it into my face. I hit him. Then he pulls a knife and tries to stick me. Some how, I got hold of the knife and stuck him three times."

Giachetti, who spent seven hours in surgery, learned that his assailant died in hospital. "The cops spoke to witnesses and decided it was justifiable," he said.

Another time, when standing up

for black friends in a Cleveland bar, Giachetti almost lost his life from a blow with an ice pick that went just under his heart. "The doctor told me that if it wasn't for my muscle tone I would have died," he said.

What I am coming around to is the news, broken last weekend by *The Sun's* informed boxing correspondent, Colin Hart, that Giachetti will train Mike Tyson for an attempt, on 3 May, to regain the World Boxing Association heavyweight championship from Evander Holyfield.

A couple of days later, confident that the engagement would not deter Giachetti from exercising his mouth, I put in a call to Don King's training camp where he was conversing with Tyson. "So you are together again," I said, alluding to the

four contests Tyson undertook under Giachetti's supervision between losing the undisputed title to James "Buster" Douglas and a conviction for rape.

The main reason it was difficult to learn much about Tyson after his release from prison and before coming up against Holyfield last November was that all his fights were short. The performances raised suspicions of decline, especially in application and timing but it took Holyfield's victory to make them apparent.

Habits formed in Tyson under the concentrated drilling of his mentor, the late Cus D'Amato, were no longer evident. "Above all, Mike had stopped jabbing," Giachetti said. Central to the learning process in boxing, the jab as demonstrated by



KEN JONES

his work with the former heavyweight champion Larry Holmes is a Giachetti trademark.

"We need to improve on that, Mike's head movement, and get him throwing combinations again instead of trying to take guys out with one shot," Giachetti added.

The relationship between a fighter and his trainer can take more than one form. As long as it works they do not have to like each other. Before their acrimonious split, Tyson worked well with Kevin Rooney, probably because Rooney, to use an American expression, was always prepared to put himself in the fighter's face. "I guess they fell out a bit," Giachetti said, "but that's no bad thing if it gets results."

Tyson's loss to Holyfield confirmed the shortcomings of his corner men. As the crisis deepened, they had no worthwhile advice to offer. The impression was that

they would not have found their way across the ring with a guide dog. "I don't want to get into that," Giachetti said. "I'm here to

do a job. I've sat down and talked about things with Mike, reminded him over things we worked on the last time. It's probably more mental than physical. I'm not laying down a harsh regime; it isn't going to be a boot camp operation because Mike is at a time in his life when that wouldn't work for him. We'll put in some hard stuff, plateau off, then get going again."

The psychology Giachetti intends to employ is based on the detonation caused by Muhammad Ali when he beat George Foreman in Zaire to regain his title.

"Most everybody thought that Ali was finished, that George Foreman would put him in the hospital," he said. "But in knocking out George he became bigger

than ever. That's what Mike has to get into his head. So you lose. So what. It isn't the end of the world. It's for him to do not me. Trainers can talk themselves stupid but in the end it comes down to what the fighter can achieve for himself."

If the intellectual approach appears to fit uncomfortably on Giachetti's shoulders, make no mistake he is a genuine hard case. "I want to show you a trick," a young heavyweight in Giachetti's care said recently. "I'm not interested in tricks," the 56-year-old Giachetti growled.

"I teach tricks to animals not fighters. If you don't do as you're told I'll hit you over the head with a baseball bat."

The unavoidable impression was that he meant it.

England's options depend on Cork

Cricket

DEREK PRINGLE
reports from Auckland

It will not have the dramatic appeal of the Australia versus West Indies clash going on in Adelaide this weekend, for that is a matter between the top dogs. Nevertheless, England's three-test series against New Zealand, which begins here tomorrow, has a vital importance of its own, and both sides will be seeking the victory that is needed if cricket is to be kept from fading out of the public consciousness.

It is a problem that is more acute for Lee Germon and his New Zealand side, who have long lived a stunted existence in the mighty All Black shadow. Very soon, rugby here will be a year-round concern and cricket must make its impact now, if it is not to be confined to the domain of those things euphemistically described as alternative here in the land of the short, flat vowel.

For that reason New Zealand will be a dangerous side and one not averse to some bold risk taking in order to survive. Indeed last time England toured, five years ago, they deliberately prepared a dame green pitch at Eden Park to try to go back on terms after going 1-0 down in Christchurch. It backfired and they lost the series 2-0, but they have always risked much to win on home turf.

England's plight is perhaps not so extreme, despite the countrywide feeling that the one-day losses in Zimbabwe were something akin to Armageddon. But even if they were not, Mike Atherton and his men must restore faith by winning this three-match series. A task made more likely by winning here at Eden Park, though that will not be easy should Dominic Cork be unfit to play.

With all the bowling options revolving round Cork - who according to the England coach, David Lloyd, is being given until the morning of the match to declare his fitness - only the batsmen, who pick themselves, have been able to begin the mental preparation so vital to peak occasions such as these. England's build-up in New Zealand may have been close to

perfect, but it is never ideal if some of the bowlers are left wondering whether they will be pulling on spikes or flip-flops, come the morning of the match.

As ever, much will depend on the pitch, which has been cut from a relaid part of the square that has seen just a single one-day game's play. At present the strip is well grassed and very damp, a result of it having been heavily watered on successive evenings: a suggestion that the groundsmen is not confident of the surface holding together for the duration of the match. If that is the case, whichever team loses the toss can probably strap their pads on and prepare for a torrid morning session from seam and swing.

Cork's chances of being that first-morning tormentor are probably no better than fair.

First Test teams

NEW ZEALAND (probable): B A Young, B A Pocock, A C Peltier, S P Fleming, N Astle, C L Gaskins, J T Cope, M J Caddick, D G Howell, D N Patel, S B Doull, D K Morrison.

ENGLAND (front): M A Atherton (capt), N V Knight, A Stewart (wkt), N Hussin, G P Thorpe, J P Crawley, C White, R D V Croft, D Gough, C E Silverwood, A D Mullally, P C R Tufnell, D G Cork.

Umpires: S Dunc (New Zealand) and S Bucknor (West Indies).

Match referee: P Bangs (Australia).

Mind you, Tufnell's habit of retrenching by going around the wicket and exploiting the rough outside leg stump, will not be as easy to fall back upon at Eden Park, with its strange angles and short leg-side boundaries, quirks the burly Irfanullah Haq brilliantly exploited to see Pakistan through to the 1992 World Cup final in a whirlwind half-century.

Under Steve Rixon, the former New South Wales coach, New Zealand have raised their confidence and toughened their outlook. Historically, they have always outperformed their worth at home, though a recent drawn series in Pakistan suggests they have the bowling firepower to beat good sides.

Even so they will probably opt for the same make-up as England, and leave out the spinner Mark Haslam, who bowled just five overs to Dipak Patel's 19 in the trial match just finished. Instead they will look to attack England with the new ball swing of Danny Morrison and the gangly Simon Doull, with Chris Cairns as first change and Nathan Astle for support.

Cairns could well be the pivotal figure of this series with both bat and ball, and much of the home side's chances of beating England lie on his not incon siderable shoulders. He is the opposition's only really spectacular batsman, and if he performs England's winter misery may well be compounded further.

Yet all the signs are that this is a different England side from the one skulking around Africa a month ago and there is no doubt that two storming wins in the last 10 days have made their Zimbabwean misadventure a distant memory.

Gone is the just sucked a sour lime" demeanour so prevalent in Harare. In fact we are almost back to the Mars bar ethic of "work, rest and play" that surfaced in the West Indies three years ago, prior to Ray Illingworth's reign as chairman of selectors. Then England's buoyant mood was due to the rude form of Atherton and Alec Stewart. A situation that, ominously, is only half true at present.

New Zealanders do not like

their heroes to be too fanciful and Doull, now aged 27, is not likely to disappoint on that front. Born in the Pukekohe, a farming area 50 kilometres south of Auckland, he has been described variously as "uncomplicated" and an "unvarnished country lad".

However, according to his New Zealand team-mate Chris Cairns, he is the life and soul of the social committee on tour and completely dedicated to karaoke and crooning, a combination that means he appears to know the lyrics to every pop song ever likely to be aired in a public place.

Such ephemera suggests a distracted mind and Doull was indeed drifting when Steve Rixon, the recently appointed New Zealand coach, began to form an unlikely alliance with him. Rixon, an uncompromising Australian, is determined to win Tests.

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Never a Doull moment
Derek Pringle on New Zealand's
opening bowler, page 24

sport

Hard man of the ring
Ken Jones talks to Mike Tyson's
new trainer, page 24

Billionaire invests £40m in Rangers

Football

NICK DUXBURY
AND MAGNUS GRIMOND

The biggest single investment in British football yesterday saw the eighth-richest man in Britain plough £40m into Rangers.

The Bahamas-based Joe Lewis, who has a £1bn fortune, has bought a 25 per cent stake to help launch the Glasgow club towards the new millennium and a place in the European Super League that everyone agrees is just around the corner.

The Rangers chairman, David Murray, retains a controlling interest, but has diluted his holding from 82 to 61 per cent, with the £40m to go towards strengthening the team.

the building of a hotel and leisure complex at Ibrox and a training ground.

The 59-year-old Lewis, an enthusiastic gambler who shuns publicity, bases himself in a £15m mansion in the Bahamas, but also moves between homes in Florida, Buenos Aires and London. Apart from what is said to be a fondness for getting on American football, he is known to be a sports fan.

In the last few years he has emerged as a large investor in the London art market, building up a 29 per cent stake in Christie's International, the auctioneers.

The genesis of his fortune was a restaurant business built up by his father, which included the Hanover Grand, a chain of

banqueting suites and a number of themed restaurants, such as The Beefeater.

The announcement took the value of Rangers soaring to a reputed £160m, with the club looking to follow Manchester United and Tottenham Hotspur to the Stock Market before the end of the century.

"I have consistently stated that I do not believe it is appropriate to float Rangers until the uncertainties arising from Bosman, pay-per-view television and the expansion of European club competitions are resolved," Murray said.

"I am delighted to have raised £40m of new capital from a single investor at this time, providing us with the financial strength to develop the club further while these changes take effect. I believe that Rangers is now in a much stronger position to realise our ambitions for footballing and commercial success."

Murray bought control of Rangers for around £6.5m in 1988 and has seen the team win the Scottish championship every season since. In the year May 31, 1996, Rangers achieved a turnover in excess of £30m and a profit of £7.1m.

While the haves were celebrating, the have-nots in the form of Millwall were reassessing their following that £10m of debt was not about to send the club to the wall.

The Second Division club, who are also losing £50,000 a month, suspended their shares on Tuesday but the chairman, Peter Mead, said: "Let me reassure our fans that Millwall will be playing here when my son is wheeling me in and bandaging me in my Zimmer frame. This is a major institution that will come out of this stronger than ever."

David Buchler, of administrators Buchler Phillips, said: "As of today the company is in administration," he said. "It is therefore possible to have meaningful discussions with bankers to put the club's finances on a stronger footing."

There is a tough road ahead, a lot of work to be done and we are going to try and do that the best we can and in the shortest possible time."

Bristol City will play the rest of the season under the threat of a two-point deduction after an FA disciplinary commission found the club guilty of a charge of failing to control spectators during the home derby against London tonight.

Reports in the Netherlands suggest that Morten Olsen, the former Danish international defender and coach at Brondby and FC Cologne, is to succeed Louis van Gaal as the Ajax coach this summer.

Pearce to stay at Forest helm

RUPERT METCALF

Stuart Pearce has agreed to stay in charge at Nottingham Forest for the rest of the season. The 34-year-old England full-back has hinted that he would like the job on a full-time basis - but he is aware that his future will not be settled before the club's extraordinary general meeting next month.

Since Pearce became caretaker player-manager after the departure of Frank Clark, Forest have taken 13 out of 18 points to move out of the Premiership relegation zone. "Stuart has agreed to stay with us until the end of the season," Irving Korn, the Forest chairman, said after talks with Pearce yesterday, "but the long-term situation hangs on the takeover."

The various takeover offers on the table will be considered by the club's 203 shareholders at the EGM on 24 February. "We'll have to wait until the new owners come in and then sit down and start further talks," Korn added, after hearing what Pearce wants from the club if he is to continue as manager.

"We've had preliminary talks, which have gone well, and I will put Stuart's proposals to the board on Friday." Pearce left the City Ground without comment.

West Bromwich Albion have dismissed their manager, Alan

Buckley. He had been in charge at The Hawthorns since October 1994, after six years as manager of Grimsby Town.

Albion, 17th in the First Division, have won only seven League games this season. Buckley had been warned by the chairman, Tony Hale, that results had to improve following the club's stock market flotation.

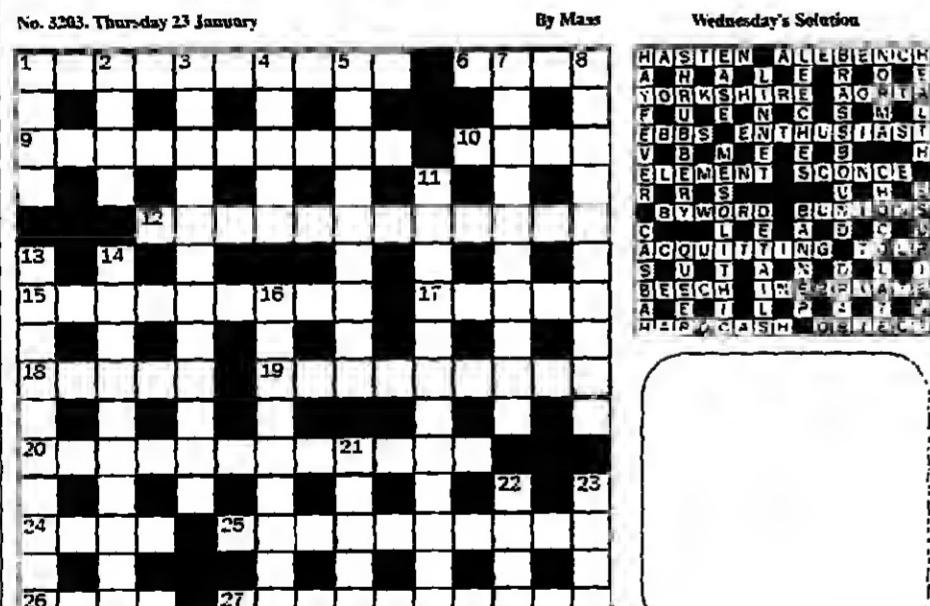
Arthur Mann, Buckley's assistant, becomes caretaker manager. He will be aided by the coach, John Trewick.

Stoke City have turned down a £2.1m offer from their First Division rivals, Queen's Park Rangers, for their top scorer, Mike Sheron. Crystal Palace have completed the signing of the 34-year-old Arsenal defender Andy Linighan for an undisclosed fee.

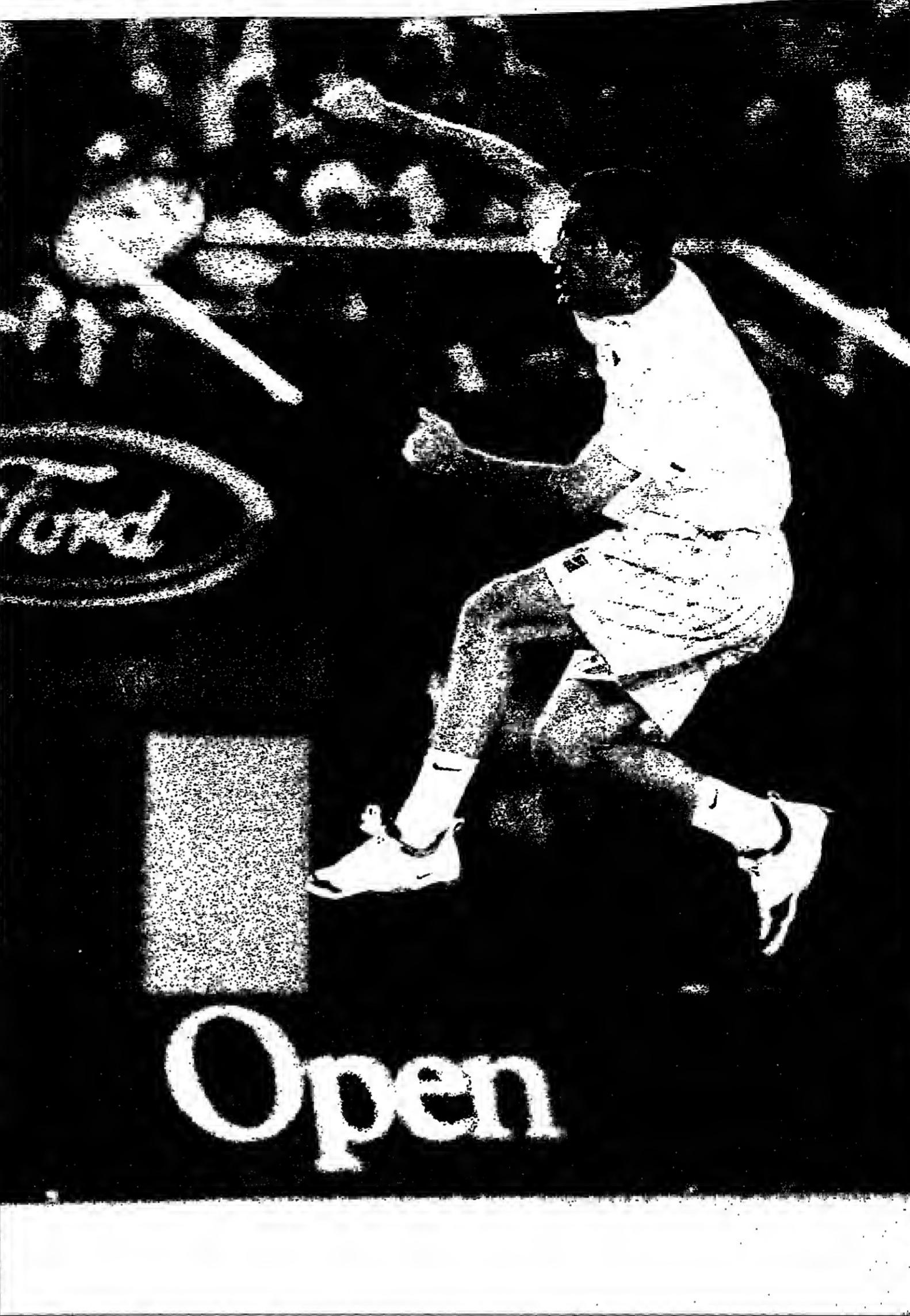
Bruce Grobbelaar, the Plymouth Argyle goalkeeper who is on trial at Winchester Crown Court on match-fixing charges, has been given permission by the judge presiding over the case to fly to Harare this weekend to play for Zimbabwe against Ghana in an African Nations Cup qualifier. He is due to leave London tonight.

Reports in the Netherlands suggest that Morten Olsen, the former Danish international defender and coach at Brondby and FC Cologne, is to succeed Louis van Gaal as the Ajax coach this summer.

THE INDEPENDENT CROSSWORD



- ACROSS**
- They usually get a look-in (10)
 - Long dial tone, initially (4)
 - Hitting back's having an effect, capturing Queen (10)
 - Mass of fish causing stir about river (4)
 - Word ultimately applied to blue parties, maybe? (12)
 - Medium wine ten mixed with half of beer (2,7)
 - Taken from Board School, we hear? (5)
 - Bitter disappointment (5)
 - Cuts round old city with quiet ecclesiastical properties (9)
- DOWN**
- Scottish isle's recorded rain? (4)
 - Push for Unionist in drink (4)
 - A co-student I'd coached, left behind (12)
 - Dread losing top and slip (5)
 - It could be applied to one full of beans (3-6)



Pete Sampras plays a 'Slam-dunk' smash on his way to his quarter-final win in five sets over Albert Costa yesterday

Photograph: Tony Marshall/Empics

Sampras survives to face 'war' with Muster

Tennis

DERRICK WHYTE
reports from Melbourne

Pete Sampras showed his customary composure in the Australian Open here yesterday to overcome two fightbacks by Albert Costa, of Spain, and set up a singles semi-final to ensure tomorrow against Austria's Thomas Muster.

The world No 1, winner of eight Grand Slam titles, fought out a tense five-set match with Costa, who stormed around the court, chasing every ball and conjuring up impossible shots to keep the top seed on the back foot.

Each time Sampras took a set lead, the 10th seed fought back, but he could not prevent the American storming through to the end to win 6-3, 6-7, 6-1, 3-6, 6-2. Sampras kept his cool in the closing stages, his serve leading the way. He sent down 23 aces in the match and won almost all his first-service points.

"He's fast, he's good. He's got one of the best backhands I've ever seen," Sampras said of Costa. "On the run, I couldn't believe some of the shots he was getting. Now I've got one day off and then it will be Thomas, which will be a war. We've played each other a number of times and I know what to expect and he knows what to ex-

pect. It's just a matter of who does it better."

Muster once more broke Goran Ivanisevic's Grand Slam hopes, shutting him out in a duel of big hitters.

The world No 4 from Croatia, who has yet to win one of the game's four major titles, made a string of unforced errors as he lost 6-4, 6-2, 6-3. He said: "I had a lot of chance I didn't take. And if you don't take those chances, you're gone."

With the roof of Centre Court pulled over for the second day, this time due to torrential rain rather than sun, Muster, the fifth seed, appeared to relish the indoor hardcourt conditions. He played far smarter tennis to unnerve Ivanisevic, serving smoothly and wearing his opponent down from the baseline.

The Swiss 16-year-old Martina Hingis breezed into the women's semi-finals with a straight-set victory over Romania's Irina Spirlea. The fourth seed made a tentative start, dropping her second service game but immediately broke back and was never troubled again, winning 7-5, 6-2 in just 70 minutes. She has yet to drop a set in the tournament.

Hingis then revealed she had fallen off her horse on Tuesday. The fall, she said, "wasn't dangerous at all. My mom was there and she was laughing. Every-

body was laughing. Mentally, it just helps you sometimes if you do something else and not just tennis all the time."

Past gymnastics experience helped her roll safely on the grass after she went flying over the horse's head. Then she climbed back on and continued her ride. "I was jumping and the horse didn't jump, and I jumped by myself," said Hingis, explaining her faulty timing, before adding that she will not do any more riding during the tournament, but only because there is not enough time.

There was heartbreak for Belgium's Dominique Van Roost, who handed the 14th-seeded American, Mary Joe Fernandez, her first Grand Slam semi-final in four years when she retired hurt in the second set because of a pulled abdominal muscle.

It was a sad end to Belgium's best Grand Slam performance following the defeat of the 16th seed, Sabine Appelmans, on Tuesday. Van Roost said: "A lot of people think Belgium is French. Sometimes you cannot even see the country on the map. I think now they know more about Belgium from the tennis."

Both women's semi-finals take place today, before the first men's semi-final between the world No 2, Michael Chang, and Spain's Carlos Moya.

Results, Digest, page 25

Whizz-kid Sherwood has Ziv in a tizz

Britain's David Sherwood made up for the defeat of his doubles partner James Trotman in the Australian Junior Open yesterday by defeating Israel's Kobi Ziv to reach the third round.

Sherwood, 16, from Sheffield, had

been beaten in straight sets 6-4, 6-2 by the Croat Luka Katanjac.

Ziv's success follows his recent rise to 29th place in the world under-18 rankings.

Earlier Trotman, ranked 22

and seeded 15 in Melbourne, had beaten in straight sets 6-4, 6-2 by the Croat Luka Katanjac.

Good-bye battery



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